

Exhibit 8

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3

4 SECURITIES AND EXCHANGE)
COMMISSION,)
5)
PLAINTIFF,)
6) Case No.
vs.) 20-Civ-10832 (AT) (SN)
7)
RIPPLE LABS, INC., BRADLEY)
8 GARLINGHOUSE, AND CHRISTIAN)
LARSEN,)
9)
DEFENDANTS.)
10)
11
12

13 HIGHLY CONFIDENTIAL
14 VIDEOTAPED DEPOSITION OF
15 CHRISTIAN A. LARSEN
16 Tuesday, September 14, 2021
17
18
19
20
21
22

23 Reported By:
KATHLEEN WILKINS,
24 STENOGRAPHIC REPORTER,
CSR NO. 10068
RPR-RMR-CRR-CCRR-CLR-CRC
25 JOB No. 210914KWI

1 VIDEOTAPED DEPOSITION OF CHRISTIAN A. LARSEN

2 BE IT REMEMBERED that on Tuesday,
3 September 14, 2021, commencing at the hour of
4 8:01 a.m. thereof, at Ripple Labs,
5 315 Montgomery Street, 8th Floor, San Francisco,
6 California, before me, Kathleen A. Wilkins,
7 RPR-RMR-CRR-CCRR-CLR-CRC, a Certified Stenographic
8 Shorthand Reporter, in and for the State of
9 California, personally appeared CHRISTIAN A. LARSEN,
10 a witness in the above-entitled court and cause,
11 who, being by me first duly sworn, was thereupon
12 examined as a witness in said action.

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Madison Butko, Videographer

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Garlinghouse

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1	INDEX	
2	INDEX OF EXAMINATIONS	
3		PAGE
4	Morning Session	10
	Examination By Mr. Sylvester	11
5	Afternoon Session	236

6	INDEX OF EXHIBITS		
7	EXHIBIT	DESCRIPTION	PAGE
8	Exhibit CL-1	Document entitled, "ORDER	35
9		INSTITUTING CEASE-AND	
10		DESIST PROCEEDINGS	
11		PURSUANT TO SECTION 8A OF	
12		THE SECURITIES ACT OF	
13		1933, MAKING FINDINGS,	
14		AND IMPOSING A	
15		CEASE-AND-DESIST ORDER"	
16		(Not Bates stamped)	
17	Exhibit CL-5	Typed document entitled,	277
18		"New Trends," Bates	
19		stamped	
20		LARSEN-SEC-LIT-00004066	
21		through	
22		LARSEN-SEC-LIT-00004067	
23	Exhibit CL-7	Email from Chris Larsen	192
24		with attachment, Bates	
25		stamped	
26		LARSEN-SEC-LIT0000163	
27		through	
28		LARSEN-SEC-LIT0000202	
29	Exhibit CL-9	Type-written Document	276
30		Bates stamped	
31		LARSEN-SEC-LIT-0004050	

1	INDEX OF EXHIBITS (Continued)		
2	EXHIBIT	DESCRIPTION	PAGE
3	Exhibit CL-13	String of e-mails between	168
4		Chris Larsen and [REDACTED]	
5		[REDACTED] Bates stamped	
6		RPLI_SEC 0400676 through	
7		RPLI_SEC 0400684	
8	Exhibit CL-26	String of e-mails Bates	358
9		stamped RPLI-SEC 0057453	
10		through RPLI-SEC 0057464	
11	Exhibit CL-30	String of e-mails Bates	279
12		stamped RPLI_SEC 0096888	
13		through RPLI_SEC 0096889	
14	Exhibit CL-32	String of emails between	386
15		Chris Larsen and [REDACTED]	
16		[REDACTED] Bates stamped	
17		RPLI_SEC 0223292 through	
18		RPLI_SEC 0223295	
19	Exhibit CL-50	Email from Patrick	391
20		Griffen to [REDACTED],	
21		Bates stamped RPLI_SEC	
22		0057357 through RPLI_SEC	
23		0057358	
24	Exhibit CL-75	String of e-mails between	371
25		Chris Larsen, Brad	
26		Garlinghouse and [REDACTED]	
27		[REDACTED] Bates stamped	
28		RPLI_SEC 1027130 through	
29		RPLI_SEC 1027132	
30	Exhibit CL-86	String of e-mails Bates	225
31		stamped RPLI_SEC 0067047	
32		through RPLI_SEC 0067051	
33	Exhibit CL-87	Email from Chris Larsen	138
34		to [REDACTED] GSR, Bates	
35		stamped	
36		LARSEN_NAT_00000013	

1	INDEX OF EXHIBITS (Continued)		
2	EXHIBIT	DESCRIPTION	PAGE
3	Exhibit CL-101	String of e-mails between Chris Larsen and [REDACTED] [REDACTED], Bates stamped LARSEN_NAT_000000N27	136
4			
5	Exhibit CL-113	String of emails between Chris Larsen, Brad Garlinghouse and Patrick Griffin, Bates stamped RPLI_SEC 0055971 through RPLI_SEC 0055972	393
6			
7			
8	Exhibit CL-114	String of e-mails between [REDACTED] and Chris Larsen (Not Bates stamped)	114
9			
10			
11	Exhibit CL-115	Document entitled, "ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER" (Not Bates stamped)	63
12			
13			
14			
15			
16	Exhibit CL-136	Letter to Meredith Cross of WilmerHale from the Daphna Waxman of the Securities and Exchange Commission (Not Bates stamped)	22
17			
18			
19			
20	Exhibit CL-138	String of e-mails from Chris Larsen to Brad Garlinghouse, with attached article (Not Bates stamped)	305
21			
22			
23			
24			
25			

1	INDEX OF EXHIBITS (Continued)		
2	EXHIBIT	DESCRIPTION	PAGE
3	Exhibit CL-140	String of e-mails between [REDACTED] and Chris	315
4		Larsen, partially Bates	
5		stamped	
6		LARSEN-SEC-LIT-00005494	
7	Exhibit CL-148	Text message between [REDACTED] and Chris Larsen	330
8		(Not Bates stamped)	
9	Exhibit CL-157	Handwritten notes	120
10		entitled, "Note to File,"	
11		dated 9/20/18, Bates	
12		stamped	
13		LARSEN-SEC-LIT-00007193	
14		through	
15		LARSEN-SEC-LIT-00007194	
16	Exhibit CL-158	String of e-mails between	343
17		Chris Larsen and [REDACTED]	
18		[REDACTED], Bates stamped	
19		RPLI_SEC 0235434	
20	Exhibit CL-160	String of e-mails Bates	321
21		stamped RPLI_SEC 0235147	
22		through RPLI_SEC 0235149	
23	Exhibit CL-178	String of e-mails from	300
24		Chris Larsen to [REDACTED]	
25		[REDACTED], partially Bates	
		stamped	
		LARSEN-SEC-LIT-00002045	
	Exhibit CL-183	Email from Chris Larsen	97
		to [REDACTED] (Not	
		Bates stamped)	
	Exhibit CL-193	Form 8949 entitled,	76
		"Sales and Other	
		Dispositions of Capital	
		Assets," Bates stamped	
		LARSEN 00000102 through	
		LARSEN 00000158	

1	INDEX OF EXHIBITS (Continued)		
2	EXHIBIT	DESCRIPTION	PAGE
3	Exhibit CL-203	Document entitled,	155
4		"DEFENDANT CHRISTIAN A.	
5		LARSEN'S RESPONSES AND	
6		OBJECTIONS TO THE SEC'S	
7		FIRST SET OF	
8		INTERROGATORIES"	
9	Exhibit CL-206	Text message from Chris	381
10		Larsen to Gene Sperling,	
11		Bates stamped	
12		LARSEN-SEC-LIT-00002761	
13	Exhibit CL-207	Text messages between	383
14		Chris Larsen and Gene	
15		Sperling, Bates stamped	
16		LARSEN-SEC-LIT-00002783	
17		and	
18		LARSEN-SEC-LIT-00002781	
19	Exhibit CL-209	String of e-mails (Not	134
20		Bates stamped)	

14 QUESTIONS WITNESS INSTRUCTED NOT TO ANSWER

15	PAGE	LINE
16	15	8
17	349	18
18	352	18
19	402	5

22 *** EXHIBITS BOUND SEPARATELY ***

1 SEPTEMBER 14, 2021

8:01 A.M.

2 P R O C E E D I N G S

3 MORNING SESSION

4 THE VIDEOGRAPHER: This is the start of

08:00:50 5 Media Number 1 in the deposition of Chris Larsen --

08:00:53 6 THE WITNESS: Are you good with this mic

08:00:57 7 right here?

08:00:57 8 THE VIDEOGRAPHER: -- in the matter of

08:00:58 9 Securities and Exchange Commission v. Ripple Labs,

08:01:01 10 et al.

08:01:02 11 This is a matter pending before the United

08:01:04 12 States District Court, Southern District of New

08:01:06 13 York, Case Number 20-civ-10832(AT)(SN).

08:01:16 14 Today's date is September 14th, 2021,

08:01:19 15 and the time on the video monitor is 8:01 a.m.

08:01:24 16 I am your certified video operator today,

08:01:29 17 Madison Butko, contracted by Gradillas Court

08:01:30 18 Reporting.

08:01:31 19 This video deposition is taking place at

08:01:34 20 315 Montgomery Street, San Francisco, California.

08:01:38 21 Counsel, would you please identify

08:01:39 22 yourself for the record and state whom you

08:01:41 23 represent, starting with the questioning attorney.

08:01:44 24 MR. SYLVESTER: This is Mark Sylvester for

08:01:44 25 the plaintiff, the Securities and Exchange

08:01:45 1 Commission.

08:01:48 2 MR. TENREIRO: Jorge Tenreiro for the SEC.

08:01:52 3 MR. MOYE: Robert Moyer, also for the SEC.

08:01:54 4 MR. FLUMENBAUM: Martin Flumenbaum and

08:01:54 5 Kristina Bunting, Paul, Weiss, Rifkind, Wharton &

08:01:55 6 Garrison, for Mr. Larsen.

08:02:01 7 MR. CERESNEY: Andrew Ceresney and Chris

08:02:02 8 Ford from Debevoise & Plimpton LLP for Ripple.

08:02:06 9 MS. [REDACTED]: [REDACTED],

08:02:08 10 in-house counsel, Ripple.

08:02:11 11 MR. LEVANDER: Sam Levander, Cleary

08:02:13 12 Gottlieb Steen & Hamilton, for defendant

08:02:15 13 Brad Garlinghouse.

08:02:18 14 THE VIDEOGRAPHER: Okay. Will the court

08:02:19 15 reporter please swear in the witness.

08:02:30 16 CHRISTIAN A. LARSEN,

08:02:30 17 having been duly sworn,

08:02:30 18 was examined and testified as follows:

08:02:32 19 THE VIDEOGRAPHER: You may proceed.

08:02:33 20 EXAMINATION BY MR. SYLVESTER

08:02:33 21 BY MR. SYLVESTER:

08:02:33 22 Q. Good morning, Mr. Larsen.

08:02:34 23 A. Good morning.

08:02:35 24 Q. Please state your name for the record.

08:02:37 25 A. Chris Larsen.

08:02:37 1 Q. Are you represented by counsel here today?

08:02:39 2 A. I am.

08:02:40 3 Q. Who is your counsel?

08:02:41 4 A. Marty, right here.

08:02:45 5 Q. I'm Mark Sylvester. I'm asking questions
08:02:47 6 on behalf of the plaintiff, SEC.

08:02:49 7 I'm here with my colleagues in the room,
08:02:51 8 as you heard. Also, some of my colleagues are
08:02:53 9 joining via Zoom today.

08:02:55 10 MR. SYLVESTER: Before we get started, I
08:02:57 11 just want to put our stipulation on the record on
08:03:00 12 the parties that we're going to go for nine hours on
08:03:02 13 the record today.

08:03:03 14 Is there anything that counsel for the
08:03:05 15 defendants want to put on the record before we get
08:03:09 16 started?

08:03:10 17 MR. FLUMENBAUM: Just that an objection by
08:03:11 18 any defense counsel is on behalf of everyone.

08:03:16 19 MR. CERESNEY: Confidentiality.

08:03:19 20 MR. FLUMENBAUM: Yeah, we designate this
08:03:21 21 highly confidential at this point, and we will
08:03:23 22 review the transcript after it's received.

08:03:26 23 MR. SYLVESTER: Okay.

08:03:27 24 Q. Mr. Larsen, have you given testimony
08:03:35 25 before today?

08:03:37 1 MR. FLUMENBAUM: You're going to have to
08:03:38 2 slow down a little bit, Mr. Sylvester, because your
08:03:40 3 words are not coming through clearly.

08:03:43 4 MR. SYLVESTER: Could you hear me?

08:03:43 5 THE WITNESS: It was a little fast. Could
08:03:45 6 you repeat it, please?

08:03:47 7 BY MR. SYLVESTER:

08:03:47 8 Q. Have you given testimony before today?

08:03:48 9 A. No.

08:03:49 10 Q. You've just given an oath to tell the
08:03:51 11 truth, and even though we're in a conference room,
08:03:53 12 not a courtroom, that's the same oath and you must
08:03:55 13 tell the truth today.

08:03:56 14 Do you understand?

08:03:58 15 MR. FLUMENBAUM: Objection as to form.

08:03:59 16 It's not for you to instruct the witness.
08:04:05 17 Please, just ask questions.

08:04:07 18 BY MR. SYLVESTER:

08:04:07 19 Q. It's important that the court reporter be
08:04:09 20 able to take down everything you and I say today, so
08:04:13 21 please let me finish a question before you start to
08:04:15 22 answer, and I'll do the same with your answers.

08:04:18 23 Okay?

08:04:19 24 A. Yes.

08:04:20 25 Q. For the record, you also have to give

08:04:23 1 verbal answers, not just a nod or head shake. Okay?

08:04:27 2 MR. FLUMENBAUM: Objection as to form.

08:04:27 3 Again, you don't have to instruct the
08:04:29 4 witness.

08:04:29 5 BY MR. SYLVESTER:

08:04:30 6 Q. Is there anything that might prevent you
08:04:31 7 from being able to answer my questions fully and
08:04:35 8 truthfully here today?

08:04:36 9 A. No.

08:04:36 10 Q. Did you take any steps to prepare for
08:04:38 11 today's deposition?

08:04:40 12 A. I did.

08:04:41 13 Q. What steps did you take?

08:04:43 14 A. I met with my counsel.

08:04:47 15 Q. Okay. About how much time did you spend
08:04:48 16 in preparation for today's deposition?

08:04:50 17 A. Maybe two Zoom call meetings and three
08:04:58 18 in-person meetings.

08:05:00 19 Q. Approximately how many hours did you spend
08:05:01 20 in total?

08:05:02 21 A. Those in-person were four to five hours
08:05:04 22 each.

08:05:05 23 Q. How about the Zoom meetings?

08:05:09 24 A. Couple hours.

08:05:09 25 Q. Each?

08:05:12 1 A. I believe so.

08:05:14 2 Q. Which lawyers did you meet with?

08:05:16 3 A. With my lawyer right here, Marty, and
08:05:20 4 Christina.

08:05:23 5 Q. Did you review any documents in
08:05:24 6 preparation for today's deposition?

08:05:27 7 A. Saw some documents, yes.

08:05:32 8 Q. About how many documents did you see?

08:05:34 9 MR. FLUMENBAUM: Objection.

08:05:35 10 Instruct you not to answer.

08:05:36 11 MR. SYLVESTER: How many, Marty?

08:05:37 12 MR. FLUMENBAUM: You're asking what -- you
08:05:39 13 know, work product. You're not entitled to the
08:05:44 14 total.

08:05:44 15 You know what the rules are.

08:05:46 16 MR. SYLVESTER: I do; that's why I'm
08:05:47 17 stopping and asking why --

08:05:49 18 MR. FLUMENBAUM: And I don't think "how
08:05:50 19 many" is an appropriate question.

08:05:51 20 MR. SYLVESTER: Just for the record,
08:05:52 21 you're instructing the witness not to answer the
08:05:53 22 question of how many documents you reviewed on the
08:05:56 23 basis of attorney-client privilege?

08:05:58 24 MR. FLUMENBAUM: And work product.

08:05:59 25 MR. SYLVESTER: Okay.

08:06:02 1 Q. Other than your lawyers, have you
08:06:03 2 communicated with anyone about today's deposition?

08:06:05 3 A. No.

08:06:08 4 Q. You're familiar with the defendant,
08:06:09 5 Ripple Labs?

08:06:10 6 A. I am.

08:06:10 7 Q. When I say "Ripple," I mean Ripple Labs.
08:06:12 8 Okay?

08:06:12 9 A. Yes.

08:06:13 10 Q. Okay. You know the SEC has filed a
08:06:18 11 complaint against Ripple?

08:06:19 12 A. I do.

08:06:19 13 Q. And that the complaint alleged that Ripple
08:06:22 14 violated the registration provisions of the
08:06:24 15 securities laws?

08:06:25 16 A. I understand that that is the complaint.

08:06:28 17 Q. You're familiar with XRP?

08:06:31 18 A. I am.

08:06:31 19 Q. XRP is a digital asset?

08:06:33 20 A. Yeah.

08:06:33 21 Could you maybe speak a little slower? I
08:06:37 22 want to make sure I hear.

08:06:39 23 Q. Understood.

08:06:41 24 XRP is a digital asset; is that correct?

08:06:44 25 A. XRP is a currency.

08:06:45 1 Q. Okay.

08:06:48 2 You would not consider XRP to be a digital
08:06:50 3 asset; is that true?

08:06:51 4 A. All currencies are assets. It is a
08:06:54 5 currency.

08:06:55 6 Q. Okay. Is XRP a digital asset?

08:06:59 7 A. XRP is a currency.

08:07:01 8 Q. Right. But it's a yes or no. Is it a
08:07:03 9 digital asset?

08:07:04 10 MR. FLUMENBAUM: Please, it's not a
08:07:05 11 yes-or-no question if it's not precise.

08:07:09 12 So don't -- again, don't argue with the
08:07:12 13 witness. Please, just ask questions.

08:07:15 14 BY MR. SYLVESTER:

08:07:15 15 Q. Is XRP a digital asset?

08:07:17 16 A. All currencies are assets. XRP is a
08:07:22 17 currency.

08:07:23 18 Q. Is XRP digital?

08:07:27 19 A. XRP exists in a digital format, yes.

08:07:30 20 Q. Ripple has, from time to time, sold XRP;
08:07:33 21 is that right?

08:07:33 22 A. Yes.

08:07:36 23 Q. Do you understand that the SEC has alleged
08:07:37 24 that Ripple's sales of XRP were in violation of the
08:07:41 25 registration provisions of the securities laws?

08:07:45 1 MR. FLUMENBAUM: Objection as to form.

08:07:46 2 You may answer.

08:07:48 3 THE WITNESS: I understand that that's the
08:07:49 4 complaint.

08:07:49 5 BY MR. SYLVESTER:

08:07:49 6 Q. Did there come a time when you learned
08:07:52 7 that the SEC was investigating Ripple in connection
08:07:54 8 with its sales of XRP?

08:08:00 9 A. Yes.

08:08:01 10 MR. CERESNEY: I'm just going to instruct
08:08:02 11 the witness not to reveal discussions with counsel.

08:08:05 12 Obviously, we'll take it question by
08:08:07 13 question. But, obviously, you're treading into an
08:08:12 14 area where some of the information that the witness
08:08:15 15 may have received may well have come from counsel,
08:08:17 16 and I just want the witness to be careful not to
08:08:20 17 reveal information that he might have received from
08:08:22 18 counsel.

08:08:25 19 THE WITNESS: Can I interject just one
08:08:26 20 quick thing? Is it okay to take the masks off?

08:08:31 21 MR. FLUMENBAUM: If you want to take your
08:08:32 22 mask off, you can.

08:08:33 23 THE WITNESS: Well, is that okay with you
08:08:35 24 guys?

08:08:35 25 We're all vaccinated, I believe, correct?

08:08:38 1 MR. SYLVESTER: It's fine by me.

08:08:41 2 THE WITNESS: Okay. Great. Thank you.

3 MR. SYLVESTER: Sure.

08:08:44 4 THE WITNESS: Feel free, as well.

08:08:46 5 MR. SYLVESTER: Is that all right with

08:08:47 6 you, Marty?

08:08:48 7 MR. FLUMENBAUM: I would prefer that

08:08:49 8 everybody else stay masked.

08:08:52 9 MR. SYLVESTER: Okay.

08:08:52 10 THE WITNESS: Sorry.

08:08:53 11 BY MR. SYLVESTER:

08:08:54 12 Q. When did you learn that the SEC was

08:08:57 13 investigating Ripple in connection with its sales of

08:08:59 14 XRP?

08:09:01 15 A. I believe that was the first half of 2018.

08:09:09 16 Q. How did you learn it?

08:09:10 17 MR. FLUMENBAUM: Objection as to form.

08:09:16 18 Mr. Ceresney has made it very clear that

08:09:18 19 if -- do you want to rephrase the question to take

08:09:23 20 out communications with counsel, make it much

08:09:26 21 easier?

22 MR. SYLVESTER: No. If he can't answer

08:09:28 23 the question because the answer is counsel, then you

08:09:31 24 can instruct.

08:09:32 25 MR. FLUMENBAUM: You can't answer the

08:09:34 1 question if it's based on communications with
08:09:38 2 counsel.

08:09:39 3 So if you can't exclude all communications
08:09:47 4 with counsel in connection with that, you can't
08:09:49 5 answer this question.

08:09:51 6 THE WITNESS: Okay, I can't delineate what
08:09:52 7 was counsel or what wasn't, so I'll follow the
08:09:56 8 advice of counsel.

08:09:57 9 BY MR. SYLVESTER:

08:09:57 10 Q. Were you aware, on or around April 24th,
08:10:00 11 2018, that the SEC had issued a document request to
08:10:04 12 Ripple?

08:10:04 13 A. Yes.

08:10:08 14 Q. Okay. Did you have a general
08:10:09 15 understanding of the topics of documents the SEC
08:10:12 16 sought from Ripple?

08:10:13 17 MR. FLUMENBAUM: Objection as to form.

08:10:20 18 THE WITNESS: Generally.

08:10:21 19 BY MR. SYLVESTER:

08:10:21 20 Q. Did you understand that the SEC sought
08:10:23 21 documents regarding Ripple's XRP sales?

08:10:27 22 A. Yes.

08:10:28 23 Q. And did you understand that the SEC
08:10:30 24 generally sought documents regarding XRP status
08:10:33 25 under the securities laws?

08:10:34 1 MR. FLUMENBAUM: Objection as to form.

08:10:37 2 THE WITNESS: Not that I recall.

08:10:39 3 BY MR. SYLVESTER:

08:10:39 4 Q. Now, this I'm asking just as a yes-or-no
08:10:44 5 question.

08:10:46 6 Did you have any communications with
08:10:47 7 counsel around April 24th, 2018, regarding the
08:10:49 8 SEC's document request?

08:10:52 9 MR. FLUMENBAUM: Are you asking
08:10:53 10 specifically on that date, April 24th?

08:10:56 11 MR. SYLVESTER: On or around.

08:10:58 12 MR. FLUMENBAUM: If you can answer that
08:10:59 13 question, please do so, either yes or no.

08:11:02 14 THE WITNESS: Can you repeat the question
08:11:03 15 again, please?

08:11:04 16 BY MR. SYLVESTER:

08:11:04 17 Q. Sure.

08:11:05 18 On or around April 24th, 2018, did you
08:11:07 19 have any communications with counsel regarding the
08:11:09 20 SEC's document request?

08:11:12 21 A. I don't recall.

08:11:19 22 Q. Did you ever have any communications with
08:11:20 23 counsel about the SEC's document request?

08:11:24 24 MR. FLUMENBAUM: Do you mean Ripple's
08:11:25 25 counsel, his counsel?

08:11:28 1 MR. SYLVESTER: That's the next question.

08:11:29 2 We can break it up.

08:11:35 3 Q. Did you have any conversations with
08:11:39 4 personal counsel regarding the SEC's document
08:11:40 5 request?

08:11:44 6 MR. FLUMENBAUM: If you can recall.

08:11:46 7 Objection as to form.

08:11:48 8 THE WITNESS: Yes.

08:11:49 9 BY MR. SYLVESTER:

08:11:49 10 Q. Okay. Were those conversations in the
08:11:52 11 first half of 2018?

08:11:56 12 A. I don't recall.

08:11:56 13 Q. Okay. Did you have any conversations with
08:11:58 14 Ripple's counsel in the first half of 2018 regarding
08:12:00 15 the SEC's document request?

08:12:04 16 A. I don't recall.

08:12:08 17 Q. Okay.

08:12:13 18 MR. SYLVESTER: Let's look at document --
08:12:14 19 Exhibit 136, please.

08:12:17 20 (Whereupon, Deposition Exhibit CL-136
08:12:36 21 was marked for identification.)

08:12:36 22 MR. SYLVESTER: They can pass them around.

08:12:48 23 For the record, document marked CL136 is
08:12:51 24 an April 13th, 2018 letter from Daphna Waxman from
08:12:57 25 the Securities and Exchange Commission addressed to

08:12:59 1 Ripple Labs.

08:15:43 2 THE WITNESS: Okay.

08:15:43 3 BY MR. SYLVESTER:

08:15:44 4 Q. Mr. Larsen, you've taken a couple of
08:15:46 5 minutes to review CL136; is that right?

08:15:49 6 A. Yes.

08:15:51 7 Q. Okay. Have you seen this document before
08:15:52 8 today?

08:15:52 9 A. Not that I can recall.

08:15:54 10 Q. Okay. The document's dated April 13th,
08:15:58 11 2018.

08:15:58 12 Were you aware of the existence of the
08:16:00 13 SEC's request that Ripple preserve documents on or
08:16:04 14 around April 13th, 2018?

08:16:05 15 A. Yes.

08:16:07 16 Q. How did you learn of the SEC's request?

08:16:10 17 MR. FLUMENBAUM: Objection.

08:16:10 18 Again, to the extent that you learned
08:16:13 19 about this through conversations with counsel, he's
08:16:17 20 not entitled to ask you that question. So if you've
08:16:24 21 learned it from outside of conversations with
08:16:26 22 counsel, you may answer.

08:16:27 23 THE WITNESS: I can't delineate whether or
08:16:29 24 not I heard it from somewhere else or from counsel.

25 / /

08:16:32 1 BY MR. SYLVESTER:

08:16:34 2 Q. What steps, if any, did you take to comply
08:16:37 3 with the preservation request?

08:16:41 4 A. All steps that were requested.

08:16:45 5 Q. Requested by whom?

08:16:47 6 A. Again, I'm not sure I can delineate
08:16:49 7 between whether or not that was with counsel or not
08:16:51 8 counsel.

08:16:53 9 Q. Can you recall anyone other than your
08:16:55 10 counsel asking that you take any steps to comply
08:16:57 11 with the preservation request?

08:17:01 12 A. Do you mean personal counsel or company
08:17:04 13 counsel?

08:17:04 14 Q. Either.

08:17:07 15 A. Repeat the question again.

08:17:09 16 Q. Sure.

08:17:10 17 Other than counsel, did anyone else ask
08:17:12 18 you to take any steps to comply with the
08:17:14 19 preservation request?

08:17:19 20 A. I can't recall whether it was just counsel
08:17:21 21 or somebody else.

08:17:24 22 Q. What steps, if any, did you direct others
08:17:26 23 at Ripple to take to comply with the preservation
08:17:30 24 request?

08:17:31 25 A. I'm sorry, what steps did I take?

08:17:33 1 Q. What steps, if any, did you direct others
08:17:35 2 at Ripple to take to comply with the preservation
08:17:39 3 request?

08:17:42 4 A. Well, we would have --

08:17:45 5 MR. FLUMENBAUM: He's asking you a
08:17:46 6 specific question about you.

08:17:49 7 THE WITNESS: Right.

08:17:50 8 I can't recall.

08:17:52 9 BY MR. SYLVESTER:

08:17:54 10 Q. Did you direct anyone at Ripple to take
08:17:56 11 any steps to comply with the preservation request?

08:18:00 12 A. I can't recall.

08:18:02 13 Q. Okay. This is just a yes or a no.

08:18:06 14 Did you have any communications with
08:18:07 15 counsel regarding the SEC's document preservation
08:18:10 16 request?

08:18:13 17 MR. FLUMENBAUM: Objection.

08:18:13 18 Again, you can answer that either yes or
08:18:19 19 no.

08:18:19 20 Objection as to form.

08:18:21 21 But you may answer it yes or no.

08:18:24 22 THE WITNESS: I'm sorry, can you repeat it
08:18:25 23 again, please?

08:18:25 24 BY MR. SYLVESTER:

08:18:25 25 Q. Sure.

08:18:26 1 Did you have any communications with
08:18:28 2 counsel regarding the SEC's document preservation
08:18:31 3 request?

08:18:32 4 A. Yes.

08:18:32 5 Q. Which counsel did you speak with regarding
08:18:34 6 the document preservation request?

08:18:40 7 A. I can't recall.

08:18:43 8 Q. Approximately when were those
08:18:44 9 communications?

08:18:49 10 A. I can't recall.

08:18:49 11 Q. Were they within the first half of 2018?

08:18:57 12 A. I can't recall.

08:19:05 13 Q. Are you familiar with the term "Wells
08:19:08 14 submission"?

08:19:09 15 A. Yes.

08:19:10 16 Q. Are you aware that your counsel made a
08:19:12 17 Wells submission on your behalf prior to this
08:19:15 18 litigation being filed?

08:19:17 19 A. I don't know what that means. Can you
08:19:20 20 explain that, please, a little further?

08:19:23 21 Q. Which part of my question did you not
08:19:25 22 understand?

08:19:25 23 A. My understanding, Wells notices come from
08:19:29 24 the SEC to others, not the other way around.

08:19:32 25 Q. Do you have an understanding that on

08:19:33 1 occasion parties are given an opportunity to respond
08:19:36 2 to a Wells notice in writing?

08:19:43 3 A. I believe so. Yes.

08:19:45 4 Q. Do you know whether your counsel, in this
08:19:47 5 case, responded to a Wells notice issued by the SEC
08:19:50 6 to you in writing?

08:19:51 7 A. Yes.

08:19:52 8 Q. Okay.

08:19:52 9 A. Now I understand what you're saying.

08:19:57 10 Q. Just to clarify your answer, I know that
08:19:59 11 you now understand my question, but let's just ask
08:20:02 12 it again.

08:20:03 13 A. Sure.

08:20:04 14 Q. Are you aware of whether your counsel made
08:20:06 15 a Wells submission on your behalf prior to this
08:20:09 16 litigation being filed?

08:20:10 17 A. I'm aware that counsel made a response to
08:20:13 18 the SEC's Wells notice.

08:20:16 19 Q. I see.

08:20:18 20 Did you review that response before it was
08:20:20 21 submitted to the SEC?

08:20:20 22 A. Yes.

08:20:21 23 Q. Was it important to the -- that the
08:20:23 24 information supplied to the SEC and counsel's
08:20:26 25 response to the SEC's Wells notice was truthful?

08:20:29 1 A. Yes.

08:20:30 2 Q. Is there any reason to believe that
08:20:31 3 anything that counsel said to the SEC in its Wells
08:20:35 4 response was inaccurate?

08:20:36 5 MR. FLUMENBAUM: Objection as to form.

08:20:37 6 You may answer.

08:20:39 7 THE WITNESS: No.

08:20:42 8 BY MR. SYLVESTER:

08:20:42 9 Q. You have an undergraduate degree from San
08:20:45 10 Francisco State University; is that right?

08:20:47 11 A. Yes.

08:20:47 12 Q. What was your major?

08:20:48 13 A. International business and accounting.

08:20:55 14 Q. You also have an MBA?

08:20:58 15 A. I do.

08:20:58 16 Q. Your MBA is from Stanford?

08:21:01 17 A. That's right.

08:21:02 18 Q. Do you have any specialization in your MBA
08:21:05 19 program?

08:21:05 20 A. Stanford doesn't really have
08:21:08 21 specializations. It's a general program.

08:21:10 22 Q. Have you had any other postgraduate
08:21:12 23 education?

08:21:13 24 A. No.

08:21:13 25 Q. Any legal training?

08:21:15 1 A. No.

08:21:16 2 Q. You yourself are not a lawyer?

08:21:18 3 A. Would you mind maybe speaking a little

08:21:21 4 slower, please?

08:21:22 5 Q. Yes, sir.

08:21:22 6 A. I want to make sure I hear everything.

08:21:25 7 Q. Absolutely.

08:21:25 8 A. Could you repeat the question?

08:21:26 9 Q. Are you a lawyer?

08:21:27 10 A. No, I am not.

08:21:28 11 Q. Have you ever been a lawyer?

08:21:30 12 A. I have not been.

08:21:31 13 Q. Other than traffic violations, have you

08:21:34 14 ever been convicted of a crime?

08:21:36 15 A. No.

08:21:36 16 Q. You founded a company called E-Loan; is

08:21:39 17 that right?

08:21:40 18 A. Yes.

08:21:40 19 Q. You were with E-Loan from approximately

08:21:42 20 1997 to 2005; is that right?

08:21:50 21 A. The predecessor company was begun before

08:21:54 22 that, so even further back.

08:21:59 23 Q. Was E-Loan a for-profit enterprise?

08:22:02 24 A. It was.

08:22:03 25 Q. How did E-Loan make money?

08:22:06 1 MR. FLUMENBAUM: Objection.

08:22:06 2 Is there relevance to this question?

08:22:09 3 MR. SYLVESTER: There's no relevance
08:22:11 4 objections in a deposition. It's my record.

08:22:14 5 MR. FLUMENBAUM: Okay.

08:22:16 6 THE WITNESS: We made -- sorry, can you
08:22:19 7 repeat the question again just so --

08:22:21 8 BY MR. SYLVESTER:

08:22:21 9 Q. Sure.

08:22:22 10 How did E-Loan make money?

08:22:24 11 A. We made fees on mortgage loans that were
08:22:31 12 secured by customers, other sources of revenue as
08:22:35 13 well.

08:22:37 14 Q. Were you CEO of E-Loan?

08:22:40 15 A. I was.

08:22:40 16 Q. Was it important to you as CEO to
08:22:42 17 understand E-Loan's sources of revenue?

08:22:45 18 MR. FLUMENBAUM: Objection as to form.

08:22:46 19 You may answer.

08:22:50 20 THE WITNESS: Yes.

08:22:50 21 BY MR. SYLVESTER:

08:22:50 22 Q. Did E-Loan do an initial public offering
08:22:53 23 of shares while you were CEO?

08:22:55 24 A. It did.

08:22:56 25 Q. Did E-Loan file a registration statement

08:22:58 1 with the SEC during the time you were its CEO?

08:23:01 2 A. It did.

08:23:03 3 Q. Did you have any involvement with the
08:23:04 4 filing of E-Loan's registration statement with the
08:23:08 5 SEC?

08:23:08 6 A. Yes.

08:23:09 7 Q. What was your role?

08:23:10 8 A. Again, if you could speak a little slower,
08:23:13 9 please.

08:23:13 10 I'm sorry, could you repeat the question.

08:23:15 11 Q. Yes, sir.

08:23:17 12 Did you have any involvement with the
08:23:18 13 filing of E-Loan's registration statement with the
08:23:21 14 SEC?

08:23:23 15 A. Is your question whether or not I
08:23:26 16 personally filed it or that I helped write the S1?

08:23:31 17 Is that -- can you clarify that, please?

08:23:35 18 Q. Sure.

08:23:35 19 What was your role, if any?

08:23:39 20 MR. FLUMENBAUM: In what?

08:23:39 21 Would you --

08:23:40 22 BY MR. SYLVESTER:

08:23:40 23 Q. In connection with the filing of the
08:23:42 24 registration statement with the SEC.

08:23:45 25 A. Helping to produce that document.

08:23:46 1 Q. Did you have any role in deciding whether
08:23:47 2 to file a registration statement?

08:23:50 3 MR. FLUMENBAUM: Objection as to form.

08:23:56 4 THE WITNESS: It's okay to answer?

08:23:57 5 MR. FLUMENBAUM: Yeah, you may answer.
08:23:58 6 I'm sorry.

08:23:59 7 THE WITNESS: Yes.

08:23:59 8 BY MR. SYLVESTER:

08:23:59 9 Q. Okay.

08:24:02 10 What was your role in the decision-making
08:24:04 11 process?

08:24:04 12 MR. FLUMENBAUM: Objection as to form.

08:24:06 13 You may answer.

08:24:07 14 THE WITNESS: I was a member of the board,
08:24:08 15 and the board has to approve that.

08:24:13 16 BY MR. SYLVESTER:

08:24:13 17 Q. At the time that E-Loan filed its
08:24:16 18 registration statement with the SEC, did you have an
08:24:17 19 understanding that this was a step that E-Loan had
08:24:20 20 to take in order to issue securities?

08:24:22 21 MR. FLUMENBAUM: Objection as to form.

08:24:25 22 THE WITNESS: Yes.

08:24:30 23 BY MR. SYLVESTER:

08:24:30 24 Q. Prior to E-Loan's IPO, did you have an
08:24:34 25 understanding that a company typically needs to file

08:24:36 1 a registration statement with the SEC before issuing
08:24:39 2 securities to the general public?

08:24:40 3 MR. FLUMENBAUM: Objection as to form.

08:24:43 4 THE WITNESS: Yes.

08:24:45 5 BY MR. SYLVESTER:

08:24:45 6 Q. When did you acquire that understanding?

08:24:51 7 A. I don't recall.

08:24:56 8 Q. Do you believe you had that understanding
08:24:57 9 during your MBA program?

08:25:00 10 MR. FLUMENBAUM: Objection as to form.

08:25:07 11 THE WITNESS: Yes.

08:25:07 12 BY MR. SYLVESTER:

08:25:07 13 Q. You founded a company called "Prosper
08:25:09 14 Marketplace"?

08:25:10 15 A. Cofounded.

08:25:12 16 Q. And you were the CEO of Prosper from
08:25:15 17 approximately 2006 to 2012; is that right?

08:25:20 18 A. Yes.

08:25:21 19 Q. Okay. Was Prosper also a for-profit
08:25:25 20 enterprise?

08:25:26 21 A. It was.

08:25:26 22 Q. How did Prosper make money?

08:25:28 23 MR. FLUMENBAUM: Objection as to form.

24 Again, objection as to relevance.

25 But you may answer.

08:25:34 1 THE WITNESS: It made money on commissions
08:25:37 2 between -- on transactions.

08:25:45 3 BY MR. SYLVESTER:

08:25:45 4 Q. Was it important to you as CEO of Prosper
08:25:47 5 to understand Prosper's sources of revenue?

08:25:51 6 MR. FLUMENBAUM: Objection as to form.

7 You may answer.

08:25:54 8 THE WITNESS: Yes.

08:25:54 9 BY MR. SYLVESTER:

08:25:54 10 Q. During the time that you were Prosper's
08:25:56 11 CEO, the SEC concluded that Prosper sold
08:25:59 12 unregistered securities; is that right?

08:26:02 13 MR. FLUMENBAUM: Objection as to form.

08:26:04 14 You may answer, if you can.

08:26:09 15 THE WITNESS: There was a consent
08:26:12 16 agreement where we neither admitted or denied that
08:26:20 17 involved securities, but we consented to it so we
08:26:24 18 could move forward with our S1 for Prosper.

08:26:31 19 BY MR. SYLVESTER:

08:26:31 20 Q. You said Prosper offered to settle with
08:26:39 21 the SEC. Is that right?

08:26:40 22 MR. FLUMENBAUM: Objection as to form.

08:26:44 23 Record speaks for itself.

08:26:46 24 Please, ask a question.

08:26:50 25 MR. SYLVESTER: I did.

08:26:51 1 THE WITNESS: Sorry, could you repeat the
08:26:52 2 question, please?
08:26:53 3 BY MR. SYLVESTER:
08:26:53 4 Q. Sure.
08:26:54 5 Prosper agreed to settle the SEC's action;
08:26:56 6 is that right?
08:26:57 7 MR. FLUMENBAUM: Objection as to form.
08:26:59 8 You may answer.
08:27:00 9 THE WITNESS: We agreed to a settlement.
08:27:01 10 BY MR. SYLVESTER:
08:27:01 11 Q. And did you have any role in deciding
08:27:03 12 whether to submit an offer of settlement to the SEC?
08:27:06 13 A. Yes.
08:27:07 14 Q. What was your role?
08:27:12 15 A. I was a board member. The board had to
08:27:14 16 approve that.
08:27:16 17 MR. SYLVESTER: Let's take a look at
08:27:17 18 Exhibit 1, please.
08:28:20 19 (Whereupon, Deposition Exhibit CL-1
08:28:20 20 was marked for identification.)
08:27:31 21 THE WITNESS: Do you want these other
08:27:33 22 documents back?
08:27:34 23 MR. SYLVESTER: You can just hold them.
08:27:35 24 MR. FLUMENBAUM: Just pile them on top of
08:27:37 25 each other.

08:28:01 1 MR. SYLVESTER: For the record, Exhibit 1
08:28:02 2 is an Order Instituting Cease-And-Desist Proceedings
08:28:07 3 Pursuant To Section 8A of the Securities Act of
08:28:10 4 1933, Making Findings, and Imposing a
08:28:13 5 Cease-And-Desist Order. It's dated November 24th,
08:28:20 6 2008.

08:37:46 7 THE WITNESS: Okay.

08:37:46 8 BY MR. SYLVESTER:

08:37:47 9 Q. Mr. Larsen, you've taken a few minutes to
08:37:49 10 review the document; is that right?

08:37:50 11 A. Yes.

08:37:52 12 Q. If you look at page 2 of the document,
08:37:55 13 under the subheading, "Summary," it says:

08:37:59 14 "The loan notes issued by
08:38:00 15 Prosper pursuant to this platform
08:38:02 16 are securities and Prosper, from
08:38:05 17 approximately January 2006 through
08:38:07 18 October 14, 2008, violated
08:38:10 19 Sections 5(a) and (c) of the
08:38:13 20 Securities Act, which prohibit the
08:38:14 21 offer or sale of securities without
08:38:16 22 an effective registration statement
08:38:18 23 or a valid exemption from
08:38:21 24 registration."

08:38:22 25 Did I read that correctly?

08:38:23 1 MR. FLUMENBAUM: Objection as to form.

08:38:24 2 You may answer.

08:38:25 3 THE WITNESS: Yes.

08:38:26 4 BY MR. SYLVESTER:

08:38:32 5 Q. Mr. Larsen, did you review this document
08:38:34 6 in or around 2008?

08:38:38 7 A. Yes.

08:38:39 8 Q. At the time of this document, you were
08:38:40 9 aware that the SEC had concluded that Prosper's loan
08:38:44 10 notes were securities?

08:38:45 11 MR. FLUMENBAUM: Objection as to form.
08:38:46 12 Document speaks for itself.

08:38:49 13 THE WITNESS: We were aware of a
08:38:52 14 settlement offer.

08:38:57 15 BY MR. SYLVESTER:

08:38:57 16 Q. I'm asking specifically about the sentence
08:38:59 17 I just read. Were you aware of the SEC's conclusion
08:39:02 18 that Prosper's loan notes were securities?

08:39:05 19 MR. FLUMENBAUM: Objection as to form.
08:39:06 20 The document, again, speaks for itself.

08:39:08 21 It's part of -- you're reading something
08:39:10 22 that's part of an order where the party does not
08:39:14 23 admit --

08:39:19 24 MR. SYLVESTER: Sure.

08:39:19 25 MR. FLUMENBAUM: -- that sentence.

08:39:20 1 MR. SYLVESTER: I'm not asking for his
08:39:22 2 views. I'm asking whether he understood what the
08:39:24 3 SEC concluded at the time, his understanding, not
08:39:27 4 what the document says.

08:39:28 5 MR. FLUMENBAUM: Well, I don't believe
08:39:29 6 that's what you've asked, but you want to rephrase
08:39:32 7 your question?

08:39:32 8 I'll deal with that question one at a
08:39:35 9 time.

08:39:35 10 BY MR. SYLVESTER:

08:39:37 11 Q. At the time of this document, were you
08:39:38 12 aware that the SEC had concluded that Prosper sold
08:39:42 13 unregistered securities?

08:39:44 14 MR. FLUMENBAUM: Objection as to form.
08:39:45 15 The document speaks for itself.

08:39:50 16 BY MR. SYLVESTER:

08:39:50 17 Q. Go ahead.

08:39:53 18 A. I'm aware that this was the SEC's position
08:39:56 19 in the settlement offer.

08:39:59 20 Q. And when you say the "settlement offer,"
08:40:01 21 you tapped Exhibit 1.

08:40:03 22 Do you mean Exhibit 1?

08:40:05 23 A. Yes.

08:40:11 24 Q. At any point prior to November 24th,
08:40:17 25 2008, did you believe that Prosper's loan notes were

08:40:22 1 securities?

08:40:22 2 MR. FLUMENBAUM: Objection as to form.

08:40:24 3 You may answer.

08:40:25 4 THE WITNESS: No.

08:40:26 5 BY MR. SYLVESTER:

08:40:26 6 Q. At any point prior to November 2008, was
08:40:31 7 there any question in your mind as to whether the
08:40:33 8 loan notes issued by Prosper were securities?

08:40:37 9 MR. FLUMENBAUM: Objection as to form.

08:40:38 10 You may answer.

08:40:39 11 THE WITNESS: No.

08:40:40 12 BY MR. SYLVESTER:

08:40:40 13 Q. Okay. At some point prior to
08:40:43 14 November 2008, the SEC had initiated an
08:40:46 15 investigation of Prosper; is that right?

08:40:48 16 MR. FLUMENBAUM: Objection as to form.

08:40:51 17 You may answer.

08:40:52 18 THE WITNESS: They had initiated an
08:40:54 19 investigation of the entire industry.

08:40:56 20 BY MR. SYLVESTER:

08:40:56 21 Q. Including Prosper?

08:41:00 22 A. Prosper and Lending Club, which was the
08:41:02 23 other participant in the marketplace.

08:41:12 24 Q. Prior to the SEC's investigation of
08:41:13 25 Prosper and others, what efforts, if any, did you

08:41:16 1 take to undertake -- strike that.

08:41:19 2 Prior to November 2008, did you take any
08:41:21 3 efforts to figure out whether Prosper's loan notes
08:41:25 4 were securities?

08:41:25 5 MR. FLUMENBAUM: Objection as to form.
08:41:27 6 Objection as to relevance.

08:41:34 7 Again, I am instructing you not to answer
08:41:36 8 anything that you may have done with or without
08:41:39 9 counsel.

08:41:41 10 MR. SYLVESTER: With counsel, you mean,
08:41:43 11 right, Marty?

08:41:45 12 MR. FLUMENBAUM: With counsel. Yes. I'm
08:41:46 13 sorry.

08:41:48 14 THE WITNESS: Yeah. Extensive --
08:41:48 15 extensive work.

08:41:50 16 BY MR. SYLVESTER:

08:41:50 17 Q. What steps did you take?

08:41:54 18 A. Making sure that the marketplace was
08:41:58 19 consistent with loans that were not securities.

08:42:06 20 I think I can't delineate between other
08:42:10 21 steps and work with counsel. So I'll have to follow
08:42:13 22 my counsel's advice there.

08:42:18 23 Q. Mr. Larsen, can you explain what you mean
08:42:20 24 by "making sure that the marketplace was consistent
08:42:22 25 with loans that were not securities"?

08:42:25 1 A. Yes. Making sure that they were notes
08:42:31 2 under the banking regimes.

08:42:35 3 Q. What's the "they" in that sentence?

08:42:38 4 A. The notes.

08:42:39 5 Q. Issued by Prosper?

08:42:41 6 A. Yes. Sorry.

08:42:43 7 Q. Are you familiar with the term "no-action
08:42:46 8 letter"?

08:42:48 9 MR. FLUMENBAUM: Objection as to form.

08:42:49 10 You may answer.

08:42:51 11 THE WITNESS: Yes.

08:42:52 12 BY MR. SYLVESTER:

08:42:52 13 Q. Okay. Prior to November 2008, did anyone
08:42:56 14 at Prosper seek a no-action letter from the SEC in
08:43:00 15 connection with the question of whether Prosper's
08:43:02 16 loan notes were securities?

08:43:04 17 MR. FLUMENBAUM: Objection as to form.

08:43:05 18 You may answer.

08:43:06 19 THE WITNESS: Also, could you repeat the
08:43:07 20 prior question?

08:43:07 21 I think you used a word there that was not
08:43:10 22 correct.

08:43:10 23 BY MR. SYLVESTER:

08:43:10 24 Q. The prior question was: Are you familiar
08:43:14 25 with the term "no-action letter"?

08:43:16 1 A. No. Sorry, the one right before that.

08:43:18 2 Sorry.

08:43:19 3 Q. I'm sorry, sir, did you want to clarify an
08:43:21 4 answer? Because feel free.

08:43:23 5 A. Yes.

08:43:23 6 I think you said that notes that Prosper
08:43:26 7 issued. Prosper didn't issue notes. Prosper
08:43:30 8 allowed people to lend to other individuals.

08:43:36 9 Q. Okay. Just for the record, Exhibit 1
08:43:42 10 states the loan notes issued by Prosper pursuant to
08:43:45 11 this platform are securities.

08:43:46 12 You're aware that was the SEC's
08:43:48 13 conclusion; is that right?

08:43:49 14 MR. FLUMENBAUM: Objection as to form.

08:43:50 15 We keep -- you know, the document speaks
08:43:52 16 for itself, Mr. Sylvester. I don't know why you're
08:43:56 17 trying to put words -- we did not -- Prosper never
08:43:59 18 accepted the SEC's conclusion. And the SEC
08:44:04 19 specifically agreed that Prosper didn't have to
08:44:06 20 admit that.

08:44:08 21 MR. SYLVESTER: I once again asked him of
08:44:09 22 his awareness of the SEC's conclusion. It's not an
08:44:12 23 objectionable question.

08:44:15 24 MR. FLUMENBAUM: He said he's aware of the
08:44:16 25 cease-and-desist order.

08:44:19 1 BY MR. SYLVESTER:

08:44:19 2 Q. You can answer.

08:44:20 3 A. I'm aware of the SEC's position. Did not
08:44:23 4 agree with it.

08:44:30 5 Q. Returning to the issue of the no-action
08:44:31 6 letter, prior to November 2008, did anyone at
08:44:35 7 Prosper seek a no-action letter from the SEC in
08:44:38 8 connection with Prosper's business?

08:44:41 9 A. No.

08:44:45 10 Q. Did anyone at Prosper contact the SEC with
08:44:50 11 respect to Prosper's business prior to
08:44:52 12 November 2008?

08:44:54 13 MR. FLUMENBAUM: Objection as to form.
08:44:55 14 Again, objection as to relevance.

08:44:57 15 You may answer, if you can.

08:45:06 16 THE WITNESS: I don't recall. Yeah, don't
08:45:08 17 recall.

08:45:09 18 BY MR. SYLVESTER:

08:45:09 19 Q. After Exhibit 1 but before you left
08:45:12 20 Prosper, did Prosper file a registration statement
08:45:16 21 with the SEC?

08:45:17 22 A. It did.

08:45:18 23 Q. Did you have any involvement with the
08:45:20 24 filing of the registration statement?

08:45:22 25 A. Yes.

08:45:22 1 Q. What was your role?

08:45:23 2 A. I was a board member, and it had to be
08:45:26 3 approved by the board.

08:45:35 4 Q. Why did Prosper decide to file a
08:45:37 5 registration statement?

08:45:39 6 MR. FLUMENBAUM: Objection as to form.

08:45:40 7 You may answer.

08:45:43 8 THE WITNESS: When the SEC decided they
08:45:45 9 wanted to regulate peer-to-peer lending, it was very
08:45:50 10 unclear how that was going to be done.

08:45:54 11 Concurrently, we were in extensive meetings with the
08:45:58 12 banking regulators -- federal banking regulators, in
08:46:02 13 particular, Sheila Bair, who was with the FDIC at
08:46:08 14 that point, which was necessary to get the OCC
08:46:11 15 involved in regulating the industry, which would
08:46:13 16 then be regulated as a banking product, notes.

08:46:17 17 And that had the support of folks like
08:46:20 18 Elizabeth Warren, who we met with extensively on
08:46:24 19 this issue. We felt like we were getting close on
08:46:26 20 that. And there didn't look to be an outcome for
08:46:32 21 the industry in continuing to -- shutting down, for
08:46:39 22 example, and stopping.

08:46:41 23 When Lending Club, which did shut down,
08:46:47 24 but, again, sort of had to because they were doing
08:46:50 25 the underwriting on loans Prosper never did. It was

08:46:54 1 up to each individual.

08:46:56 2 But once Lending Club's S1 was made
08:47:02 3 public, then the -- it was very obvious how the SEC
08:47:06 4 would regulate the industry, and that was the first
08:47:11 5 time that there was an indication that that would
08:47:13 6 have been an acceptable route forward.

08:47:18 7 So we immediately then went into the
08:47:22 8 process of also submitting an S1. First step in
08:47:27 9 doing that was a settlement agreement, which is what
08:47:31 10 occurred.

08:47:37 11 BY MR. SYLVESTER:

08:47:37 12 Q. Mr. Larsen, sitting here today, you're
08:47:39 13 familiar with what's known as the Howey test?

08:47:42 14 MR. FLUMENBAUM: Objection as to form.

08:47:44 15 THE WITNESS: Yes.

08:47:45 16 BY MR. SYLVESTER:

08:47:45 17 Q. Okay. Do you understand that the Howey
08:47:47 18 test is applied to determine whether certain offers
08:47:50 19 or sales constitute securities?

08:47:53 20 MR. FLUMENBAUM: Objection as to form.

08:47:54 21 You're actually asking for a legal conclusion.

08:47:57 22 In this case, we are going to assert that
08:48:00 23 the Howey test shouldn't even apply to XRP and other
08:48:05 24 digital assets like XRP.

25 / /

08:48:07 1 BY MR. SYLVESTER:

08:48:07 2 Q. Okay. You just testified that you have an
08:48:09 3 understanding of the Howey test. Is that right?

08:48:11 4 A. Yes.

08:48:12 5 Q. Okay. What's your understanding of the
08:48:15 6 Howey test?

08:48:15 7 MR. FLUMENBAUM: You're asking a layman to
08:48:18 8 give you something that the courts are still
08:48:23 9 struggling to determine. I don't think --

08:48:24 10 MR. SYLVESTER: Please don't coach the
08:48:25 11 witness with your objection.

08:48:27 12 MR. FLUMENBAUM: No, no, no.

13 MR. SYLVESTER: What's your objection?

08:48:29 14 MR. FLUMENBAUM: I don't think it's an
08:48:30 15 appropriate question to this witness. You're asking
08:48:30 16 for a legal --

08:48:31 17 MR. SYLVESTER: Are you instructing him
08:48:32 18 not to answer? Is it privileged?

08:48:34 19 MR. FLUMENBAUM: Well, to the extent that
08:48:38 20 your knowledge of the Howey test is based on
08:48:41 21 conversations with counsel, I'm instructing you not
08:48:45 22 to respond to that question.

08:48:46 23 To the extent that you have an
08:48:48 24 understanding independent of discussions with
08:48:53 25 counsel, I will, for what it's worth -- and I don't

08:48:56 1 think it's worth very much -- I will let you answer.

08:49:04 2 THE WITNESS: Yeah, I don't think I can
08:49:05 3 delineate what I know outside of counsel from what I
08:49:08 4 know from speaking with counsel, so I'll follow my
08:49:10 5 counsel's advice on that.

08:49:11 6 BY MR. SYLVESTER:

08:49:11 7 Q. Focusing just on timing, did you become
08:49:14 8 familiar with the Howey test in connection with the
08:49:17 9 SEC's action against Prosper?

08:49:19 10 MR. FLUMENBAUM: Objection as to form.

08:49:21 11 You're making an assumption that the Howey
08:49:23 12 test is a defined term that can be readily applied
08:49:29 13 in every situation, and that's just not the case.

08:49:32 14 Howey is a case. It's not a test.

08:49:35 15 There's no --

08:49:36 16 MR. SYLVESTER: Marty, I asked the witness
08:49:38 17 if he was familiar with the Howey test, and he told
08:49:40 18 me yes. I'm asking --

08:49:41 19 MR. FLUMENBAUM: What is the Howey test?
08:49:41 20 You tell me what the Howey test is.

08:49:44 21 MR. SYLVESTER: Marty, you're not deposing
08:49:45 22 me. We're deposing Mr. Larsen here today.

08:49:47 23 MR. FLUMENBAUM: Well, I'm objecting to
08:49:48 24 you using that phrase, "Howey test," because it's
08:49:50 25 not defined.

08:49:51 1 MR. SYLVESTER: The witness understood me.

08:49:52 2 MR. FLUMENBAUM: He understands that
08:49:53 3 there's a case named "Howey" that's relevant.

08:49:57 4 MR. SYLVESTER: I think he's capable of
08:49:58 5 testifying for himself.

08:49:59 6 MR. FLUMENBAUM: I think this is an unfair
08:50:01 7 question, Mr. Sylvester, and inappropriate.

08:50:05 8 BY MR. SYLVESTER:

08:50:06 9 Q. When did you become familiar with the
08:50:08 10 Howey test?

08:50:09 11 MR. FLUMENBAUM: Objection to the use of
08:50:10 12 the term "Howey test."

08:50:12 13 MR. SYLVESTER: Okay. Great.

08:50:13 14 THE WITNESS: I don't recall.

08:50:14 15 BY MR. SYLVESTER:

08:50:14 16 Q. Mr. Larsen, you cofounded Ripple?

08:50:17 17 A. Yes.

08:50:19 18 Q. That was in 2012?

08:50:22 19 A. That was in the second half of --

08:50:25 20 clarifying question: You're talking about what was
08:50:28 21 Opencoin?

08:50:29 22 BY MR. SYLVESTER:

08:50:30 23 Q. Ripple was previously known as Opencoin;
08:50:34 24 is that right?

08:50:34 25 A. That's right.

08:50:35 1 MR. FLUMENBAUM: Objection as to form.

08:50:35 2 Go ahead.

08:50:38 3 THE WITNESS: Could you repeat the
08:50:39 4 question, please?

08:50:40 5 MR. SYLVESTER: I think there's not one
08:50:41 6 pending.

08:50:46 7 BY MR. SYLVESTER:

08:50:46 8 Q. You were -- strike that.

08:50:48 9 You served as Ripple's CEO from
08:50:49 10 September 2012 until December 2016?

08:50:52 11 MR. FLUMENBAUM: Objection as to form.

08:50:55 12 THE WITNESS: I'm sorry, could you repeat
08:50:57 13 the dates, please?

08:50:58 14 BY MR. SYLVESTER:

08:50:58 15 Q. Sure.

08:50:58 16 You served as Ripple's CEO from
08:51:00 17 September 2012 until December 2016?

08:51:03 18 A. Yes.

08:51:06 19 Q. What were your duties as Ripple's CEO?

08:51:10 20 A. The duties of typical -- of a corporation.
08:51:17 21 Initially, a California corporation, and then
08:51:19 22 switched to a Delaware corporation.

08:51:22 23 Q. What were those typical duties?

08:51:27 24 A. Typical of a chief executive officer,
08:51:32 25 setting the -- helping to set the course of the

08:51:35 1 company, the tactics, the strategy and division, and
08:51:39 2 then making sure that we were consistent with the
08:51:47 3 desire of the board of directors and investors in
08:51:53 4 the company.

08:51:58 5 Q. As CEO, you reported to Ripple's board of
08:52:00 6 directors?

08:52:01 7 A. That's right.

08:52:03 8 Q. While you were CEO, you did not sit on
08:52:06 9 Ripple's board; is that right?

08:52:09 10 MR. FLUMENBAUM: Objection as to form.

08:52:10 11 THE WITNESS: I was on the board.

08:52:12 12 BY MR. SYLVESTER:

08:52:12 13 Q. While you were Ripple's CEO, you were also
08:52:14 14 a member of Ripple's board of directors; is that
08:52:18 15 right?

08:52:18 16 MR. FLUMENBAUM: Objection as to form.

08:52:20 17 You may answer.

08:52:21 18 THE WITNESS: Yes.

08:52:22 19 BY MR. SYLVESTER:

08:52:22 20 Q. As CEO of Ripple, all employees of Ripple
08:52:25 21 reported to you -- sorry?

08:52:26 22 A. Sorry. I just want to make sure -- you
08:52:29 23 know, catch every word. If you could slow it down
08:52:31 24 just a little bit, please.

08:52:33 25 Q. Yes, sir.

08:52:33 1 When you were CEO of Ripple, all of
08:52:35 2 Ripple's employees reported to you directly or
08:52:37 3 indirectly; is that right?

08:52:39 4 MR. FLUMENBAUM: Objection as to form.

08:52:42 5 THE WITNESS: Yes.

08:52:46 6 BY MR. SYLVESTER:

08:52:46 7 Q. When you were Ripple's CEO, did you give
08:52:48 8 reports to the board of directors from time to time?

08:52:51 9 A. Yes.

08:52:54 10 Q. Did you think it was important to provide
08:52:56 11 accurate information to Ripple's board?

08:52:58 12 MR. FLUMENBAUM: Objection as to form.

08:53:01 13 You may answer.

08:53:02 14 THE WITNESS: Yes.

08:53:02 15 BY MR. SYLVESTER:

08:53:02 16 Q. Did you provide accurate information to
08:53:04 17 Ripple's board?

08:53:05 18 A. Yes.

08:53:08 19 Q. Was the board, from time to time, provided
08:53:10 20 with presentations in connection with information
08:53:13 21 you conveyed to the board?

08:53:16 22 MR. FLUMENBAUM: Objection as to form.

08:53:17 23 You may answer.

08:53:18 24 THE WITNESS: Yes.

25 / /

08:53:19 1 BY MR. SYLVESTER:

08:53:19 2 Q. Who prepared those presentations?

08:53:22 3 A. I don't recall.

08:53:26 4 Q. If a presentation deck was going to the
08:53:28 5 board, did you review it beforehand?

08:53:30 6 MR. FLUMENBAUM: Objection as to form.

08:53:35 7 THE WITNESS: Generally.

08:53:42 8 BY MR. SYLVESTER:

08:53:42 9 Q. During the period that you were Ripple's
08:53:44 10 CEO, did you have any rights to appoint directors?

08:53:51 11 MR. FLUMENBAUM: Objection as to form.

08:53:52 12 You may answer.

08:53:53 13 THE WITNESS: Yeah. You have to specify a
08:53:56 14 time frame.

08:53:56 15 BY MR. SYLVESTER:

08:53:56 16 Q. Sure.

08:53:57 17 During -- at any point during your tenure
08:54:02 18 as Ripple's CEO, did you have the right to appoint
08:54:06 19 directors to Ripple's board?

08:54:07 20 A. Yes.

08:54:08 21 Q. Was there a period of time during the time
08:54:10 22 that you were Ripple's CEO where you did not have
08:54:13 23 such a right?

08:54:14 24 A. Yes.

08:54:14 25 Q. What was that period of time?

08:54:20 1 A. I don't recall the exact period of time.
08:54:23 2 Generally, from the founding. I can't recall when
08:54:29 3 that changed.

08:54:34 4 Q. At the time of Ripple's founding, did you
08:54:36 5 not have the authority to appoint directors to
08:54:38 6 Ripple's board?

08:54:39 7 MR. FLUMENBAUM: Objection as to form.

08:54:42 8 You're making statements. You're not
08:54:44 9 asking questions.

08:54:45 10 BY MR. SYLVESTER:

08:54:45 11 Q. Is that correct?

08:54:47 12 A. My understanding is I could appoint a
08:54:50 13 replacement for myself.

08:54:52 14 Q. Okay.

08:54:55 15 When did you first obtain the authority to
08:54:58 16 appoint a director to Ripple's board?

08:55:02 17 MR. FLUMENBAUM: Objection as to form.

08:55:05 18 THE WITNESS: Well, again, as I just said,
08:55:07 19 I could replace myself, is my understanding, at the
08:55:12 20 founding. Sometime thereafter, I acquired the right
08:55:16 21 to appoint other directors.

08:55:20 22 BY MR. SYLVESTER:

08:55:20 23 Q. At the point that you acquired the right
08:55:23 24 to appoint other directors, how many of Ripple's
08:55:26 25 directors were you able to appoint?

08:55:29 1 MR. FLUMENBAUM: Objection as to form.

08:55:30 2 You may answer.

08:55:32 3 THE WITNESS: Well, no board members were
08:55:34 4 ever appointed without the agreement of the rest of
08:55:38 5 the board.

08:55:39 6 BY MR. SYLVESTER:

08:55:39 7 Q. Okay. Understanding that, you testified
08:55:51 8 that you did have the right to appoint directors at
08:55:54 9 some point in time?

08:55:56 10 A. Yes. The technical ability to appoint
08:55:59 11 directors, but in no circumstance would I -- and
08:56:04 12 probably effectively could -- appoint directors
08:56:06 13 without the approval of the rest of the board.

08:56:09 14 Q. Okay. How many of Ripple's directors did
08:56:12 15 you have the technical ability to appoint when you
08:56:15 16 acquired the ability to appoint directors?

08:56:18 17 MR. FLUMENBAUM: Objection as to form.

08:56:19 18 You may answer.

08:56:20 19 THE WITNESS: I think that has to be
08:56:21 20 specific to exact time periods, because that did
08:56:26 21 change over time as well.

08:56:27 22 BY MR. SYLVESTER:

08:56:27 23 Q. Just starting with the -- you acquired the
08:56:30 24 ability to appoint a director. When was that?

08:56:33 25 A. I don't recall exactly.

08:56:34 1 Q. Okay. Regardless of what year it was,
08:56:37 2 just the first time that you acquired the ability to
08:56:40 3 appoint a director, how many directors could you
08:56:42 4 appoint?

08:56:44 5 A. I don't recall the exact number at that
08:56:47 6 period of time.

08:56:48 7 I know how many I have today.

08:56:50 8 Q. Okay. Maybe we'll work backwards.

08:56:52 9 A. Sure.

08:56:53 10 Q. How many directors do you have the
08:56:55 11 authority to appoint today?

08:56:57 12 A. I have the technical ability to appoint
08:57:02 13 seven. However, the Series A, Series B, Series C
08:57:11 14 also have rights. So effectively, though, you can't
08:57:16 15 really appoint directors without the approval of the
08:57:19 16 rest of the board. And that's how we've conducted
08:57:23 17 our board operations throughout.

08:57:29 18 Q. How many directors does Ripple have today?

08:57:34 19 A. It has nine directors.

08:57:38 20 Q. There was a time prior to today where you
08:57:40 21 had the ability to appoint a different number of
08:57:43 22 directors than seven. Is that right?

08:57:46 23 A. It has varied over time.

08:57:48 24 Q. Okay. When did you acquire the ability to
08:57:50 25 appoint seven directors?

08:57:54 1 A. I don't recall that exact date.

08:57:56 2 Q. Do you have a general time frame, a year?

08:58:00 3 A. I don't recall.

08:58:01 4 Q. Was it during the time you were CEO?

08:58:06 5 A. I don't recall.

08:58:08 6 Q. Okay. Prior to the time that you acquired
08:58:11 7 the ability to appoint seven directors, did you have
08:58:15 8 any ability to appoint directors?

08:58:17 9 MR. FLUMENBAUM: Objection as form. Asked
08:58:19 10 and answered.

08:58:19 11 THE WITNESS: Could you repeat the
08:58:20 12 question, please?

08:58:21 13 BY MR. SYLVESTER:

08:58:21 14 Q. Sure.

08:58:21 15 We don't know the date, but just prior to
08:58:23 16 the time that you acquired the ability to appoint
08:58:26 17 seven directors, did you have the ability to appoint
08:58:29 18 any directors?

08:58:31 19 A. I had the technical ability to appoint
08:58:34 20 other directors, but, again, practically, and how we
08:58:40 21 actually operated, all of the board members would
08:58:43 22 have to approve new board members.

08:58:46 23 Q. Immediately prior to the time in which you
08:58:48 24 acquired the right to appoint seven directors, how
08:58:51 25 many directors did you have the right to appoint?

08:58:54 1 A. I don't recall.

08:58:59 2 Q. Other than your current authority to
08:59:02 3 appoint seven directors, do you recall any other
08:59:08 4 time period where you had the ability to appoint
08:59:10 5 more directors?

08:59:11 6 MR. FLUMENBAUM: Objection as to form.

08:59:12 7 You may answer.

08:59:13 8 THE WITNESS: I don't recall.

08:59:15 9 BY MR. SYLVESTER:

08:59:15 10 Q. Do you remember any time period where you
08:59:17 11 had the ability to appoint fewer directors?

08:59:20 12 MR. FLUMENBAUM: Objection as to form.

08:59:20 13 You may answer.

08:59:25 14 THE WITNESS: I don't recall.

08:59:30 15 BY MR. SYLVESTER:

08:59:30 16 Q. When you were CEO of Ripple, who was
08:59:33 17 chairman of the board?

08:59:35 18 A. I was chairman of the board.

08:59:37 19 Q. Okay. So have you been chairman of the
08:59:39 20 board of Ripple from its founding until now?

08:59:42 21 MR. FLUMENBAUM: Objection as to form.

08:59:44 22 You may answer.

08:59:46 23 THE WITNESS: I don't recall who was the
08:59:50 24 chairman at founding, but I am chairman now.

25 / /

08:59:53 1 BY MR. SYLVESTER:

08:59:53 2 Q. Has there ever been a chairman of the
08:59:55 3 board of Ripple other than you?

09:00:00 4 A. I don't recall if Jed or myself -- at
09:00:04 5 founding, Jed McCaleb was chairman.

09:00:10 6 Q. Ripple is a for-profit enterprise?

09:00:13 7 A. It's a for-profit enterprise, yes.

09:00:15 8 Q. Ripple has always been a for-profit
09:00:18 9 enterprise since its inception?

09:00:21 10 A. Yes.

09:00:21 11 Q. Does Ripple have shareholders?

09:00:23 12 A. It does.

09:00:23 13 Q. Are you a Ripple shareholder?

09:00:25 14 A. Could you just speak a little more slowly,
09:00:27 15 please?

09:00:28 16 Q. Yes, sir.

09:00:28 17 Go ahead.

09:00:30 18 A. Repeat, I'm sorry.

09:00:30 19 Q. Are you a Ripple shareholder?

09:00:32 20 A. I am.

09:00:32 21 Q. How long have you been a Ripple
09:00:33 22 shareholder?

09:00:34 23 A. Since the founding of the company.

09:00:37 24 Q. Okay. Do you have voting rights as a
09:00:40 25 Ripple shareholder?

09:00:41 1 A. I do.

09:00:44 2 Q. What percentage of voting rights do you
09:00:46 3 currently hold as a percentage of all shareholders
09:00:49 4 with voting rights?

09:00:50 5 A. Currently today?

09:00:51 6 Q. Sure.

09:00:52 7 A. I own over 50 -- just over 50 percent of
09:00:55 8 the voting -- of the votes.

09:00:59 9 Q. Prior to today, has there been a time in
09:01:02 10 which the percentage of voting rights you held as a
09:01:04 11 percentage of all shareholders' voting rights was
09:01:07 12 higher than approximately 50 percent?

09:01:11 13 MR. FLUMENBAUM: Objection as to form.

09:01:13 14 You may answer.

09:01:14 15 THE WITNESS: I don't recall.

09:01:14 16 BY MR. SYLVESTER:

09:01:14 17 Q. Was there a time when it was lower than
09:01:16 18 50 percent?

09:01:17 19 A. Yes.

09:01:18 20 Q. When was that?

09:01:20 21 A. At the founding of the company.

09:01:32 22 Q. Was that prior to when you became a
09:01:34 23 shareholder?

09:01:37 24 MR. FLUMENBAUM: Objection as to form.

09:01:39 25 THE WITNESS: I'm sorry, I don't

09:01:39 1 understand the question.

09:01:40 2 BY MR. SYLVESTER:

09:01:40 3 Q. Let me rephrase.

09:01:42 4 At the time that you purchased Ripple's
09:01:44 5 shares, did you have at least 50 percent of
09:01:48 6 shareholder voting rights?

09:01:49 7 MR. FLUMENBAUM: Objection as to form.

09:01:52 8 THE WITNESS: No, to the best of my
09:01:54 9 recollection.

09:01:57 10 BY MR. SYLVESTER:

09:01:57 11 Q. At what point after -- strike that.

09:02:01 12 At what point did you acquire at least
09:02:02 13 50 percent of Ripple's shareholder voting rights?

09:02:05 14 MR. FLUMENBAUM: Objection as to form.

09:02:07 15 THE WITNESS: I don't recall the exact
09:02:07 16 date.

09:02:09 17 BY MR. SYLVESTER:

09:02:09 18 Q. Were you CEO?

09:02:11 19 A. Yes.

09:02:24 20 Q. Does Ripple have independent directors?

09:02:26 21 A. It does.

09:02:29 22 Q. How does Ripple define the term
09:02:30 23 "independent director"?

09:02:32 24 MR. FLUMENBAUM: Objection as to form.

09:02:36 25 THE WITNESS: I don't know the exact

09:02:37 1 definition. I think that's a legal term.

09:02:45 2 BY MR. SYLVESTER:

09:02:45 3 Q. Do you know if Ripple has a
09:02:51 4 formal -- strike that.

09:02:52 5 Do you know if Ripple has a formal
09:02:55 6 definition of "independent director" in writing
09:02:58 7 somewhere?

09:02:59 8 MR. FLUMENBAUM: Objection as to form.

09:03:01 9 THE WITNESS: Yes.

09:03:01 10 BY MR. SYLVESTER:

09:03:01 11 Q. You can answer.

09:03:02 12 A. Yes, I'm sure we do.

09:03:04 13 Q. Okay.

09:03:11 14 During the time you were CEO, could you,
09:03:13 15 as a result of your voting power and position of
09:03:15 16 authority in Ripple, cause Ripple to enter into a
09:03:18 17 transaction?

09:03:18 18 MR. FLUMENBAUM: Objection as to form.

09:03:22 19 THE WITNESS: The technical ability, but
09:03:25 20 not the practical ability. If the board disagreed
09:03:29 21 with a transaction, it would not go through. That's
09:03:34 22 the way we run the company.

09:03:37 23 BY MR. SYLVESTER:

09:03:37 24 Q. During the time --

09:03:45 25 A. Sorry.

09:03:46 1 Q. Go ahead, please.

09:03:47 2 A. Also, importantly, the Series A, Series B
09:03:52 3 and Series C investors have protective provisions
09:03:56 4 which they could block a transaction even if the
09:04:00 5 independent board members wanted a transaction to
09:04:04 6 occur.

09:04:26 7 Q. When you say, "transaction," Mr. Larsen,
09:04:27 8 what do you mean?

09:04:29 9 MR. FLUMENBAUM: Objection.

09:04:29 10 That was your phrase, Mr. Sylvester. What
09:04:33 11 did you mean?

09:04:38 12 BY MR. SYLVESTER:

09:04:38 13 Q. Mr. Larsen said:

09:04:39 14 "Also, importantly, the Series
09:04:40 15 A, Series B and Series C investors
09:04:42 16 have protective provisions which
09:04:44 17 they could block a transaction even
09:04:46 18 if the independent board members
09:04:48 19 wanted a transaction to occur."

09:04:48 20 Let me ask my question.

09:04:50 21 What type of transaction?

09:04:52 22 A. Well, my assumption is, when you use the
09:04:54 23 word "transaction," you are meaning a change to the
09:04:57 24 status quo.

09:05:21 25 MR. SYLVESTER: Let's take a look at

09:05:22 1 Exhibit 115, please.

09:05:23 2 (Whereupon, Deposition Exhibit CL-115
09:05:37 3 was marked for identification.)

09:06:17 4 MR. SYLVESTER: Just for the record,
09:06:18 5 Exhibit 115 is an email Bates ending -181, from [REDACTED]
09:06:23 6 [REDACTED], addressed to Chris at Ripple, dated
09:06:25 7 September 9th, 2017.

09:08:17 8 THE WITNESS: Okay. I see it.

09:08:19 9 BY MR. SYLVESTER:

09:08:20 10 Q. Mr. Larsen, you see that this is -- this
09:08:24 11 Exhibit 115 is a thread of emails?

09:08:27 12 A. Yes.

09:08:28 13 Q. Okay. Someone named Ms. [REDACTED] asks, on
09:08:32 14 the first page:

09:08:33 15 "Could you and Chris, by
09:08:35 16 aggregating your voting power and
09:08:36 17 positions of authority in Ripple,
09:08:38 18 cause Ripple to enter into a
09:08:39 19 transaction?"

09:08:40 20 Do you see that?

09:08:41 21 A. I do.

09:08:42 22 Q. Okay. And do you see that you replied, as
09:08:44 23 to number 2, "Yes"?

09:08:50 24 A. I do.

09:08:53 25 Q. When you were Ripple's CEO, did you

09:08:55 1 receive a salary?

09:08:57 2 A. Yes.

09:08:59 3 Q. Was that paid in U.S. dollars?

09:09:01 4 A. It was.

09:09:02 5 Q. Okay. When you were Ripple's CEO, did you
09:09:05 6 receive any compensation other than salary?

09:09:10 7 A. What time period are you asking?

09:09:12 8 Q. At any point during your tenure as
09:09:14 9 Ripple's CEO, did you receive any compensation other
09:09:17 10 than salary?

09:09:18 11 A. Yes.

09:09:21 12 Q. Starting with 2013, did you receive any
09:09:24 13 compensation other than salary?

09:09:25 14 A. Not that I can recall.

09:09:27 15 Q. How about 2014?

09:09:30 16 A. I don't know the exact dates, but there
09:09:32 17 was a period when I did receive other compensation.

09:09:35 18 Q. What was that other compensation?

09:09:38 19 A. It was percentage of sales from XRP Fund
09:09:46 20 II LLC, I believe.

09:09:55 21 Q. What did XRP Fund II LLC to sell?

09:10:00 22 A. That sold XRP.

09:10:06 23 Q. And you received a set percentage of the
09:10:09 24 sales from XRP II LLC; is that right?

09:10:12 25 A. Yes.

09:10:12 1 Could I modify the --

09:10:18 2 Q. Please.

09:10:20 3 A. I believe there was some stock
09:10:23 4 compensation as well that would have been included
09:10:25 5 in compensation at some period of time.

09:10:31 6 Q. That's separate and apart from the
09:10:34 7 percentage of sales from XRP II?

09:10:37 8 A. Correct.

09:10:38 9 Q. Okay. Are you still paid a percentage of
09:10:46 10 sales from XRP II?

09:10:47 11 A. No.

09:10:49 12 Q. At what point did you stop receiving a
09:10:53 13 percentage of sales from XRP II?

09:10:56 14 A. I don't recall the exact date.

09:10:57 15 Q. Was it while you were CEO?

09:11:04 16 A. I don't recall.

09:11:08 17 Q. Was it within the past year?

09:11:11 18 A. No. It was well before the past year.

09:11:14 19 Q. Why did you stop receiving a percentage of
09:11:17 20 XRP II sales?

09:11:21 21 A. I don't recall exactly why. Could have
09:11:24 22 been tied to the change of -- changing from CEO to
09:11:32 23 chairman.

09:11:44 24 Q. Who made the decision that you stop
09:11:48 25 receiving a percentage of sales from XRP II?

09:11:54 1 A. I don't recall.

09:11:55 2 Q. Did you -- sorry.

09:11:58 3 A. Well, certainly agreed with that.

09:12:04 4 Q. You agreed with the decision to stop
09:12:06 5 receiving the percentage of sales; is that right?

09:12:07 6 A. Yes.

09:12:12 7 Q. Sitting here today, you own XRP; is that
09:12:14 8 right?

09:12:17 9 MR. FLUMENBAUM: Objection as to form.

09:12:19 10 You may answer.

09:12:20 11 THE WITNESS: I own a certain amount of
09:12:21 12 XRP.

09:12:23 13 BY MR. SYLVESTER:

09:12:23 14 Q. You received 45 billion XRP in 2012?

09:12:28 15 MR. FLUMENBAUM: Objection as to form.

09:12:31 16 THE WITNESS: Yes.

09:12:31 17 BY MR. SYLVESTER:

09:12:31 18 Q. Of that 45 billion that you received in
09:12:34 19 2012, you had retained 9 billion; is that right?

09:12:37 20 A. Correct.

09:12:39 21 Q. Did you provide any payment to anyone in
09:12:41 22 exchange for the XRP you received?

09:12:43 23 A. Excuse me. Are we finished with this
09:12:45 24 document?

09:12:46 25 Q. Sure. You can set it aside.

09:12:48 1 A. Thank you.

09:12:49 2 Can you repeat the question, please?

09:12:50 3 Q. Sure.

09:12:51 4 Did you receive any payment --

09:12:52 5 sorry -- strike that.

09:12:52 6 Did you provide any payment to anyone in

09:12:55 7 exchange for the XRP you received in 2012?

09:12:58 8 A. You mean payment of dollars or something

09:13:00 9 like that?

09:13:01 10 Q. Payment of any kind.

09:13:02 11 MR. FLUMENBAUM: Objection as form.

09:13:04 12 You may answer.

09:13:08 13 THE WITNESS: Well, when you include, you

09:13:12 14 know, labor in that, sort of being part of a team.

09:13:20 15 BY MR. SYLVESTER:

09:13:20 16 Q. How about any cash payment?

09:13:23 17 A. No.

09:13:25 18 Q. Okay. Why did you retain the 9 billion

09:13:27 19 XRP?

09:13:29 20 MR. FLUMENBAUM: Objection as to form.

09:13:33 21 You may answer.

09:13:34 22 THE WITNESS: So as project founders, of

09:13:39 23 which there were three individuals, we determined

09:13:45 24 that 20 percent was -- of all of the currency

09:13:52 25 created was the appropriate number, given that's how

09:13:55 1 much our understanding that Satoshi Nakamoto --
09:14:01 2 obviously, not a real name -- whoever that person or
09:14:05 3 persons are, was allocated in the Bitcoin protocol.

09:14:17 4 BY MR. SYLVESTER:

09:14:17 5 Q. So the basis of the three founders'
09:14:19 6 decision to retain the 9 billion XRP --
09:14:22 7 sorry -- strike that.

09:14:23 8 The basis of the three founders' decision
09:14:25 9 to retain 20 percent of all the XRP was based on
09:14:29 10 Satoshi Nakamoto's retention of approximately
09:14:33 11 20 percent of Bitcoin?

09:14:35 12 A. That's correct.

09:14:35 13 And, again, important to note that Satoshi
09:14:37 14 Nakamoto is likely not a real name.

09:14:42 15 Q. Understood.

09:14:42 16 Is that decision documented anywhere?

09:14:46 17 MR. FLUMENBAUM: Objection as to form.

09:14:46 18 What do you mean, "documented anywhere"?

09:14:53 19 THE WITNESS: Not that I can recall.

09:14:54 20 BY MR. SYLVESTER:

09:14:54 21 Q. What was the basis for your understanding
09:14:58 22 of how much Bitcoin was allocated to Satoshi
09:15:03 23 Nakamoto?

09:15:05 24 A. That's my understanding from discussions
09:15:09 25 with Jed McCaleb, who was early in the Bitcoin

09:15:14 1 ecosystem, and confirmed by many others over the
09:15:17 2 years.

09:15:21 3 Q. Approximately how much XRP do you own
09:15:23 4 today?

09:15:25 5 A. Approximately [REDACTED]

09:15:31 6 [REDACTED]

09:15:33 7 [REDACTED]

09:15:35 8 [REDACTED]

09:15:36 9 [REDACTED]

09:15:37 10 [REDACTED]

09:15:37 11 [REDACTED]

09:15:38 12 [REDACTED]

09:15:38 13 [REDACTED]

09:15:44 14 [REDACTED]

09:15:49 15 [REDACTED]

09:15:54 16 [REDACTED]

09:15:57 17 [REDACTED]

09:16:01 18 [REDACTED]

09:16:04 19 [REDACTED]

09:16:09 20 [REDACTED]

09:16:11 21 [REDACTED]

09:16:12 22 [REDACTED]

09:16:13 23 Q. Okay. Between 2012 and today, you've sold
09:16:23 24 some of your XRP; is that right?

09:16:24 25 A. Yes.

09:16:26 1 Q. You've also purchased XRP from time to
09:16:28 2 time between 2012 and today?

09:16:33 3 A. You know, rarely, but yes.

09:16:40 4 Q. When did you first sell any of your XRP?

09:16:45 5 A. This would have been the first half of
09:16:50 6 2013.

09:16:54 7 Q. You made approximately \$450 million from
09:16:59 8 your sales of XRP by the end of 2020; is that right?

09:17:02 9 MR. FLUMENBAUM: Objection as to form.

09:17:04 10 You may answer.

09:17:05 11 THE WITNESS: Sounds approximately
09:17:06 12 correct.

09:17:13 13 BY MR. SYLVESTER:

09:17:13 14 Q. You make the decisions whether or not to
09:17:14 15 sell your XRP; is that right?

09:17:17 16 MR. FLUMENBAUM: Objection as to form.

09:17:18 17 You may answer.

09:17:21 18 THE WITNESS: Well, no. In the way that
09:17:23 19 we are using programmatic selling, we're relying on
09:17:29 20 the advice of professional market makers.

09:17:35 21 BY MR. SYLVESTER:

09:17:35 22 Q. Do you permit the market makers to make
09:17:38 23 the decision or do you make the ultimate decision as
09:17:40 24 to whether to sell your XRP?

09:17:42 25 MR. FLUMENBAUM: Objection as to form.

09:17:44 1 You may answer.

09:17:45 2 THE WITNESS: So obviously, my property,
09:17:46 3 but we rely on the expertise of market makers on
09:17:50 4 what would be a constructive amount that would not
09:17:55 5 impact the market.

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BY MR. SYLVESTER:

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Q. You mentioned that you rely on the
expertise of market makers on what would be a
constructive amount that would not impact the
market. Is that right?

A. Yes.

09:18:46 1 Q. What impact to the market would you like
09:18:50 2 to avoid when selling your XRP?

09:18:53 3 MR. FLUMENBAUM: Objection as to form.

09:18:54 4 You may answer.

09:18:57 5 THE WITNESS: Well, just that, that it
09:19:00 6 doesn't impact the market.

09:19:03 7 BY MR. SYLVESTER:

09:19:03 8 Q. Impact the market in what way?

09:19:07 9 A. Impact the market in a negative way.

09:19:11 10 Q. What negative way?

09:19:13 11 MR. FLUMENBAUM: Objection as to form.

09:19:15 12 THE WITNESS: Well, negative being not
09:19:16 13 constructive. So whether that's up or down, either
09:19:20 14 one of those, depending on circumstances, can be
09:19:23 15 constructive or not constructive. So is not
09:19:27 16 impacting is being constructive.

09:19:29 17 BY MR. SYLVESTER:

09:19:29 18 Q. Whether what is up and down?

09:19:31 19 MR. FLUMENBAUM: Objection as to form.

09:19:32 20 You may answer.

09:19:35 21 THE WITNESS: Whether price is up or down
09:19:37 22 or volume is up or down or sentiment is up or down.

09:19:42 23 Again, constructive is, I think, a guiding
09:19:47 24 principle.

25 / /

09:19:49 1 BY MR. SYLVESTER:

09:19:49 2 Q. Okay. So when selling your XRP, in your
09:19:56 3 view, it's not constructive if those sales would
09:20:00 4 impact the price of XRP; is that right?

09:20:02 5 MR. FLUMENBAUM: Objection as to form.

09:20:04 6 THE WITNESS: I think, generally, that's
09:20:05 7 the case.

09:20:07 8 BY MR. SYLVESTER:

09:20:07 9 Q. Okay. And when selling your XRP in the
09:20:13 10 past, you've tried to sell in a way that avoided
09:20:16 11 impacting the price of XRP; is that right?

09:20:18 12 MR. FLUMENBAUM: Objection as to form.

09:20:19 13 You may answer.

09:20:21 14 THE WITNESS: As I mentioned, that could
09:20:22 15 be price, that could be volume, that could be
09:20:24 16 sentiment.

09:20:26 17 You know, again, I think that's why you
09:20:29 18 want to rely on market makers for those
09:20:31 19 determinations. Very sophisticated, large global
09:20:35 20 marketplace.

09:20:35 21 BY MR. SYLVESTER:

09:20:35 22 Q. In selling your XRP in the past, your goal
09:20:41 23 has been to avoid impacting the price of XRP, the
09:20:44 24 volume of XRP, or the public sentiment regarding
09:20:47 25 XRP?

09:20:48 1 MR. FLUMENBAUM: Objection as to form.
09:20:53 2 Some of this has been asked and answered. That's a
09:20:56 3 compound question that you're asking.

09:21:08 4 BY MR. SYLVESTER:

09:21:08 5 Q. You can answer.

09:21:10 6 A. Yeah. That's actually not what I said.

09:21:13 7 You know, again, constructive is the
09:21:17 8 overriding objective. I'm giving you examples of
09:21:21 9 what that might be. But, again, I think that's
09:21:24 10 where a professional market maker -- those are very
09:21:27 11 complex global markets with lots of dynamism to it.

09:21:33 12 So I rely on kind of experts to make that
09:21:38 13 determination. I don't know if it's as simple as
09:21:41 14 just that, but those were examples.

09:21:43 15 Q. Sure.

09:21:46 16 If your sales negatively impacted the
09:21:48 17 volume of XRP, that would be something that is an
09:21:52 18 example of not constructive sales; is that right?

09:21:55 19 MR. FLUMENBAUM: Objection as to form.

09:21:57 20 THE WITNESS: Could be. It's hard to
09:22:00 21 tell.

09:22:00 22 BY MR. SYLVESTER:

09:22:00 23 Q. Is volume of XRP one of the metrics you
09:22:06 24 look to to determine whether or not the sales were
09:22:08 25 constructive?

09:22:09 1 MR. FLUMENBAUM: Object to -- objection as
09:22:10 2 to form.

09:22:11 3 THE WITNESS: Overriding is going to be
09:22:13 4 based on the opinion of the market makers that we
09:22:18 5 work with.

09:22:21 6 BY MR. SYLVESTER:

09:22:21 7 Q. Is volume one of the metrics that the
09:22:24 8 market makers that you work with examines?

09:22:28 9 MR. FLUMENBAUM: Objection as to form.
09:22:29 10 If you know.

09:22:30 11 THE WITNESS: I would assume that any
09:22:32 12 professional market maker is going to be keeping an
09:22:37 13 eye on volume as a metric.

09:22:39 14 BY MR. SYLVESTER:

09:22:39 15 Q. That market maker would also be keeping an
09:22:42 16 eye on price; is that right?

09:22:43 17 MR. FLUMENBAUM: Objection as to form.

09:22:44 18 THE WITNESS: I would assume any
09:22:45 19 professional market maker would be keeping an eye on
09:22:48 20 those metrics as well.

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[REDACTED]

MR. SYLVESTER: Let's take a look at Exhibit 193, please.

(Whereupon, Deposition Exhibit CL-193 was marked for identification.)

MR. SYLVESTER: For the record, 193 is a document Bates labeled beginning Larsen and ending in the number -102. And the last page of the document is Larsen -158.

Q. And, Mr. Larsen, obviously, take your time to familiarize yourself with the document, but the

09:26:00 1 questions I have are going to be about the two pages
09:26:03 2 starting with Larsen -110 at the bottom.

09:26:07 3 A. -110. Okay. Let me finish the document,
09:26:25 4 then.

09:26:25 5 Q. Sure.

09:28:03 6 A. Okay.

09:28:03 7 Q. So, Mr. Larsen, this document was produced
09:28:07 8 to us as a single document.

09:28:09 9 On page beginning Larsen -110, there
09:28:14 10 appears to be a schedule of your XRP sales from
09:28:18 11 January 2015 through February 2020.

09:28:22 12 Do you see that?

09:28:22 13 A. Yes, I do.

09:28:24 14 Q. Was this schedule submitted as part of a
09:28:26 15 tax return?

09:28:29 16 A. I believe so.

09:28:32 17 Q. Is there any reason to believe that this
09:28:34 18 schedule of your sales that appears on Larsen -110
09:28:40 19 to Larsen -111 is inaccurate?

09:28:43 20 A. No.

09:28:47 21 Q. At the top of the schedule, there's a
09:28:49 22 header that says, "Total USD," "XRP Sold," "CL Sales
09:28:54 23 (95%)" and "average XRP over USD."

09:28:59 24 Do you see that?

09:29:00 25 A. Yes.

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Q. Did you sell XRP at any point -- strike that.

Did you sell XRP at any point after February 2020?

A. After February 2020?

Q. (Nods head.)

A. I believe so.

Q. When -- strike that.

What months in 2020 did you sell XRP?

A. I don't recall the exact months.

Q. Okay. Have you sold XRP in 2021?

A. No.

Q. Okay. Did there come a time when you stopped selling XRP?

A. Yes.

Q. When was that?

A. I believe it was -- well, I don't recall the exact date. Had to do with this dispute that we have.

Q. Had to do with the SEC's litigation?

09:30:18 1 A. The dispute we have going on with the --
09:30:21 2 with the agency, yes.

09:30:22 3 Q. Okay. So the reason that you stopped
09:30:26 4 selling XRP had something to do with the dispute
09:30:29 5 between Ripple and the SEC; is that right?

09:30:32 6 A. Yes.

09:30:33 7 Q. Okay. And that was in 2020; is that
09:30:35 8 right?

09:30:35 9 A. Correct.

09:30:38 10 Q. Okay. Was there ever any earlier period
09:30:41 11 where you stopped selling XRP because of anything
09:30:44 12 having to do with the SEC?

09:30:48 13 A. No, I don't recall.

09:30:52 14 Q. Do you recall whether -- strike that.
09:30:54 15 Was there any earlier period prior to 2020
09:30:56 16 where you stopped selling XRP for a period of time?

09:31:00 17 MR. FLUMENBAUM: Objection as to form.

09:31:04 18 THE WITNESS: I believe so.

09:31:06 19 BY MR. SYLVESTER:

09:31:06 20 Q. When was that?

09:31:08 21 A. I don't recall the exact dates.

09:31:16 22 Q. And just for clarity, sitting here today,
09:31:19 23 there's no link in your mind between those
09:31:21 24 historical stoppages of selling XRP and the SEC?

09:31:26 25 MR. FLUMENBAUM: Objection as to form.

09:31:28 1 You may answer.

09:31:28 2 THE WITNESS: What period are you talking
09:31:30 3 about?

09:31:30 4 BY MR. SYLVESTER:

09:31:30 5 Q. Any period prior to 2020.

09:31:33 6 A. Including when the beginning of your
09:31:36 7 investigation began?

09:31:39 8 Q. Sure.

09:31:40 9 A. So certainly not before the investigation.
09:31:43 10 I can't recall if after your investigation but
09:31:48 11 before 2020.

09:31:50 12 Q. Okay. Mr. Larsen, do you have an
09:31:58 13 understanding of the phrase "over-the-counter
09:32:03 14 transaction"?

09:32:04 15 A. Generally.

09:32:05 16 Q. Have you ever sold your XRP in an
09:32:06 17 over-the-counter transaction?

09:32:08 18 MR. FLUMENBAUM: Objection as to form.

09:32:10 19 You may answer.

09:32:10 20 THE WITNESS: Well, not in a U.S. context.
09:32:13 21 So I'm not sure how that would be characterized in a
09:32:17 22 jurisdiction like Japan, for example, but I think to
09:32:20 23 the intent of your question, yes.

09:32:23 24 BY MR. SYLVESTER:

09:32:23 25 Q. Have you ever sold your XRP in an

09:32:25 1 over-the-counter transaction to a U.S. person?

09:32:29 2 MR. FLUMENBAUM: Objection as to form.

09:32:30 3 You may answer.

09:32:31 4 THE WITNESS: Not to my knowledge.

09:32:37 5 BY MR. SYLVESTER:

09:32:37 6 Q. You sold your XRP to Japanese individuals
09:32:41 7 or entities; is that right?

09:32:42 8 A. Yes.

09:32:43 9 Q. Okay. Were you physically present in the
09:32:46 10 U.S. when you negotiated those sales?

09:32:48 11 MR. FLUMENBAUM: Objection as to form.

09:32:51 12 THE WITNESS: I believe so.

09:32:54 13 BY MR. SYLVESTER:

09:32:54 14 Q. Other than the sales to Japanese citizens
09:32:58 15 or entities that we just discussed, did you make any
09:33:02 16 other over-the-counter sales of XRP?

09:33:10 17 MR. FLUMENBAUM: Objection as to form.

09:33:11 18 THE WITNESS: There was, I believe, some
09:33:13 19 additional sales. I don't know what the citizenship
09:33:19 20 of that person would be -- definitely foreign -- or
09:33:25 21 where that person was exactly located.

09:33:30 22 So, again, I wouldn't know what the
09:33:33 23 jurisdiction would -- what their word for OTC would
09:33:36 24 be.

25 / /

09:33:37 1 BY MR. SYLVESTER:

09:33:37 2 Q. Okay. So there was an additional set of
09:33:40 3 sales that you made to a non-U.S. person?

09:33:42 4 A. Yes.

09:33:43 5 Q. Okay. And, again, were you physically
09:33:46 6 present in the U.S. when you negotiated those sales?

09:33:48 7 MR. FLUMENBAUM: Objection as to form.

09:33:49 8 You keep using the word "negotiated."

09:33:53 9 BY MR. SYLVESTER:

09:33:53 10 Q. You can answer the question.

09:33:55 11 A. I don't recall.

09:34:07 12 Q. So we've talked about sales to a Japanese
09:34:11 13 citizen or entity, another set of sales to another
09:34:14 14 non-U.S. citizen.

09:34:15 15 Were there any other over-the-counter
09:34:18 16 sales of XRP that you made?

09:34:20 17 MR. FLUMENBAUM: Objection as to form.

09:34:20 18 THE WITNESS: That's possible. That would
09:34:22 19 be, you know, infrequent.

09:34:24 20 BY MR. SYLVESTER:

09:34:24 21 Q. Okay. What other over-the-counter sales,
09:34:29 22 other than the two we just discussed, did you make?

09:34:33 23 MR. FLUMENBAUM: Objection as to form.

09:34:34 24 THE WITNESS: Yeah. I'm not sure if an
09:34:36 25 over-the-counter would be appropriate, like if a

09:34:40 1 friend, you know, asked to buy some, for example.

09:34:43 2 BY MR. SYLVESTER:

09:34:43 3 Q. Sure.

09:34:45 4 Let's just exclude sales on exchanges for
09:34:47 5 the purposes of the remainder of the questions on
09:34:52 6 this.

09:34:52 7 Setting aside the Japanese individual
09:34:55 8 entity, the other unnamed foreign individual, who
09:34:58 9 else did you directly sell XRP to?

09:35:02 10 MR. FLUMENBAUM: Objection as to form.

09:35:05 11 THE WITNESS: Yeah. I can't -- I can't
09:35:06 12 recall exactly, but yeah.

09:35:08 13 BY MR. SYLVESTER:

09:35:08 14 Q. Did you ever sell XRP to a friend?

09:35:11 15 A. I believe so.

09:35:11 16 Q. Who?

09:35:14 17 A. I can't recall the -- the names.

09:35:16 18 Q. Were any of those friends U.S. citizens?

09:35:20 19 A. It's possible. Likely.

09:35:24 20 Q. Okay. And those transactions that we're
09:35:27 21 speaking of, were you in the United States -- strike
09:35:33 22 that.

09:35:34 23 Those transactions where you sold XRP to
09:35:38 24 friends, were you physically in the United States
09:35:39 25 when you made those sales?

09:35:43 1 MR. FLUMENBAUM: Objection as to form.

09:35:44 2 THE WITNESS: I can't recall.

09:35:44 3 BY MR. SYLVESTER:

09:36:19 4 Q. Mr. Larsen, you're familiar --

09:36:21 5 A. Do you want me to continue referring to
09:36:23 6 this?

09:36:26 7 Q. No, sir. We're done with that one.

09:36:28 8 You're familiar with a company known as
09:36:31 9 GSR?

09:36:32 10 A. Yes.

09:36:32 11 Q. Is GSR the market maker we -- you
09:36:36 12 testified about earlier?

09:36:38 13 A. I was referring to them, yes.

09:36:43 14 Q. Did you engage GSR to sell your XRP?

09:36:48 15 MR. FLUMENBAUM: Objection as to form.
09:36:49 16 You may answer.

09:36:50 17 THE WITNESS: I don't recall if I engaged
09:36:51 18 them or if they contacted me originally.

09:36:54 19 BY MR. SYLVESTER:

09:36:54 20 Q. At some point you entered into an
09:36:56 21 agreement with GSR whereby GSR -- let me start
09:37:05 22 again.

09:37:07 23 At some point you entered into an
09:37:09 24 agreement with GSR whereby GSR sold your XRP; is
09:37:13 25 that right?

09:37:13 1 A. Correct.

09:37:14 2 Q. When was that?

09:37:18 3 A. I don't recall the first exact date.

09:37:20 4 Before 2015, I -- I believe.

09:37:26 5 Q. Are you familiar with the term "digital
09:37:27 6 asset exchange"?

09:37:28 7 A. I've heard that term before.

09:37:32 8 Q. Okay. What is a digital asset exchange?

09:37:37 9 A. Well, I'm assuming it's referring to an
09:37:39 10 institution that engages in the exchange of
09:37:46 11 cryptocurrencies for other cryptocurrencies or other
09:37:50 12 fiat currencies generally.

09:37:53 13 Q. Did GSR sell your XRP on digital asset
09:37:55 14 exchanges?

09:37:58 15 A. That's my assumption, yes.

09:38:03 16 Q. Do you know one way or the other whether
09:38:05 17 or not GSR sold your XRP on digital asset exchanges?

09:38:08 18 A. Well, it could be other types of
09:38:10 19 institutions. I'm just not sure exactly. It's,
09:38:13 20 again, a very sophisticated institution in a very
09:38:16 21 sophisticated market.

09:38:26 22 Q. Okay. On occasion -- strike that.

09:38:43 23 You're aware that on occasion, GSR sold
09:38:45 24 your XRP through what we've just discussed, digital
09:38:49 25 asset exchanges?

09:38:51 1 MR. FLUMENBAUM: Objection as to form.

09:38:51 2 THE WITNESS: That's my assumption.

09:38:54 3 BY MR. SYLVESTER:

09:38:54 4 Q. But you don't know one way or the other?

09:38:59 5 MR. FLUMENBAUM: Objection as to form.

09:38:59 6 THE WITNESS: Well, again, I think I just
09:39:02 7 answered that. Sophisticated markets, sophisticated
09:39:07 8 institution. Is there another definition of some
09:39:12 9 process or institution that might be providing a
09:39:17 10 service to them that accomplishes the same thing? I
09:39:20 11 don't know.

09:39:20 12 Again, lots of different flavors of --

09:39:24 13 BY MR. SYLVESTER:

09:39:24 14 Q. Sure.

09:39:25 15 A. -- in different jurisdictions, Japan might
09:39:29 16 call it one thing, Singapore might call it another
09:39:32 17 thing.

09:39:32 18 Q. Fair.

09:39:32 19 I guess just expanding to any digital
09:39:34 20 asset platform in which the general public can
09:39:37 21 purchase digital assets, are you aware of GSR
09:39:40 22 selling your XRP on such a digital asset platform?

09:39:43 23 A. Well, again, I'm not trying to be
09:39:45 24 difficult here, but when you say, "open to any
25 individual," it certainly could be platforms that

1 don't allow, for example, individuals but maybe only
2 other institutions, just to be precise.

09:40:08 3 Q. On the occasions when you directed GSR to
09:40:11 4 sell your XRP, did you ever make any attempt to
09:40:13 5 figure out who purchased the XRP from you?

09:40:18 6 MR. FLUMENBAUM: Objection as to form.

09:40:19 7 THE WITNESS: My assumption is that they
09:40:21 8 were selling overseas.

09:40:24 9 BY MR. SYLVESTER:

09:40:24 10 Q. Your assumption is that GSR was selling
09:40:29 11 XRP overseas?

09:40:31 12 A. Correct.

09:40:37 13 Q. Did you take any steps to restrict the
09:40:41 14 sales of your XRP to overseas persons?

09:40:45 15 MR. FLUMENBAUM: Objection as to form.

09:40:47 16 THE WITNESS: Well, GSR is an overseas
09:40:51 17 institution, and by far and away, the majority --
09:40:56 18 vast majority of volume in the XRP markets and
09:41:03 19 crypto markets in general is overseas and has been
09:41:08 20 overseas.

09:41:11 21 BY MR. SYLVESTER:

09:41:11 22 Q. Did you take any steps to ensure that the
09:41:15 23 XRP you sold was sold to non-U.S. persons?

09:41:19 24 MR. FLUMENBAUM: Objection as to form.

09:41:20 25 Asked and answered.

09:41:21 1 You can answer it again.

09:41:26 2 THE WITNESS: No. You know, again, XRP is
09:41:28 3 a currency. But, again, the vast majority of what
09:41:34 4 is happening in the market is overseas, and GSR is
09:41:38 5 an overseas operation.

09:41:41 6 BY MR. SYLVESTER:

09:41:41 7 Q. Have you ever made any attempt to find out
09:41:43 8 why any purchaser of your XRP, through GSR,
09:41:47 9 purchased the XRP?

09:41:49 10 A. I'm sorry, can you repeat the question,
09:41:50 11 please.

09:41:51 12 Q. Sure.

09:41:53 13 Have you ever made any attempt to figure
09:41:54 14 out why -- the reason why a purchaser of your XRP,
09:41:59 15 through GSR, purchased the XRP?

09:42:02 16 MR. FLUMENBAUM: Objection as to form.

09:42:06 17 THE WITNESS: No. And I believe GSR
09:42:08 18 really doesn't know that either.

09:42:14 19 BY MR. SYLVESTER:

09:42:14 20 Q. Why doesn't GSR know that either?

09:42:19 21 MR. FLUMENBAUM: Objection as to form.

09:42:22 22 THE WITNESS: I don't think that's the way
09:42:23 23 they operate.

09:42:25 24 BY MR. SYLVESTER:

09:42:25 25 Q. They don't acquire?

09:42:28 1 MR. FLUMENBAUM: Objection as to form.

09:42:31 2 THE WITNESS: Whether using other

09:42:33 3 platforms that's not their own platform.

09:42:38 4 BY MR. SYLVESTER:

09:42:38 5 Q. Just to clarify your answer, you said when

09:42:41 6 GSR is using other platforms, that's not GSR's

09:42:44 7 platform; is that right?

09:42:46 8 A. I believe they're using other -- to your

09:42:48 9 point, to shorten the definition -- digital assets

09:42:54 10 and currency exchanges.

09:42:57 11 Q. Okay. So when GSR sells your XRP via

09:43:02 12 another platform, that's not GSR's platform. GSR

09:43:07 13 doesn't make any inquiry about the reasons which any

09:43:10 14 of those purchasers purchased their XRP?

09:43:13 15 MR. FLUMENBAUM: Objection as to form.

09:43:13 16 We're speculating now and you're asking

09:43:16 17 the witness to speculate.

09:43:17 18 MR. SYLVESTER: I'm asking if he knows.

09:43:19 19 Q. If you know.

09:43:20 20 MR. FLUMENBAUM: Well, you didn't ask that

09:43:21 21 question.

09:43:22 22 THE WITNESS: Yeah. I don't know.

09:43:23 23 BY MR. SYLVESTER:

09:43:23 24 Q. Have you ever asked GSR to determine the

09:43:28 25 reasons for which any of your XRP purchasers

09:43:31 1 purchased their XRP?

09:43:33 2 MR. FLUMENBAUM: Objection as to form.

09:43:35 3 THE WITNESS: No. But my understanding is
09:43:38 4 that people are involved in the -- these currency
09:43:44 5 markets as medium of exchange, for store value, unit
09:43:51 6 of account, all the reasons that people would be
09:43:53 7 interested in cryptocurrency markets.

09:43:56 8 BY MR. SYLVESTER:

09:43:56 9 Q. How did you acquire that understanding?

09:43:59 10 MR. FLUMENBAUM: Objection as to form.

09:44:01 11 You may answer.

09:44:02 12 THE WITNESS: Well, that's basically how
09:44:05 13 cryptocurrency markets have evolved in the world.
09:44:07 14 That's why -- that's in Bitcoin, Ethereum, XRP
09:44:11 15 are -- are popular in the world today.

09:44:15 16 BY MR. SYLVESTER:

09:44:15 17 Q. Is GSR -- strike that.

09:44:17 18 Has GSR ever conveyed to you that any
09:44:22 19 purchasers of your XRP conveyed to them that they
09:44:24 20 were purchasing for any of the reasons you just
09:44:28 21 mentioned, medium of exchange, store value, unit of
09:44:31 22 account?

09:44:32 23 MR. FLUMENBAUM: Objection as to form.

09:44:32 24 You can answer.

09:44:35 25 THE WITNESS: Repeat the question again,

09:44:35 1 please.

09:44:36 2 BY MR. SYLVESTER:

09:44:37 3 Q. Sure.

09:44:38 4 Has GSR ever conveyed to you that any
09:44:41 5 purchasers of your XRP conveyed to GSR that those
09:44:45 6 purchasers were purchasing for the reasons you
09:44:49 7 mentioned, medium of exchange, store value, unit of
09:44:53 8 account?

09:44:54 9 MR. FLUMENBAUM: Objection as to form.

09:44:55 10 THE WITNESS: Not that I can recall, but I
09:44:56 11 think that's the widely held, you know, view in the
09:45:00 12 marketplace.

09:45:04 13 BY MR. SYLVESTER:

09:45:04 14 Q. When you purchased XRP, did you purchase
09:45:10 15 it for any of those reasons?

09:45:13 16 MR. FLUMENBAUM: Objection as to form.

09:45:21 17 THE WITNESS: Well, I like cryptocurrency
09:45:23 18 markets, so yes.

09:45:26 19 BY MR. SYLVESTER:

09:45:26 20 Q. Okay. Why did you exchange your XRP for
09:45:29 21 fiat?

09:45:33 22 MR. FLUMENBAUM: Objection as to form.

09:45:34 23 You may answer.

09:45:35 24 THE WITNESS: Well, you have to -- couple
09:45:38 25 reasons. One, you have to pay taxes in fiat. And

09:45:43 1 two, generally, I think people would consider the
09:45:51 2 amount of holdings that the founders of the project
09:45:54 3 had to be high and sort of overhang, and that it
09:46:03 4 would be constructive if that overhang was decreased
09:46:07 5 over time in a way that's constructive and didn't
09:46:11 6 have an impact on the market.

09:46:18 7 BY MR. SYLVESTER:

09:46:18 8 Q. Who are the people in that sentence?

09:46:20 9 You say people would consider the amount
09:46:23 10 of holdings of the founders. What people?

09:46:26 11 A. Well --

09:46:27 12 MR. FLUMENBAUM: Objection as to form.

09:46:28 13 You may answer.

09:46:29 14 THE WITNESS: Well, essentially, all
09:46:30 15 people. Again, there are enormous global markets,
09:46:36 16 so it's kind of a general people. People on earth,
09:46:40 17 if you will.

09:46:43 18 MR. FLUMENBAUM: Is this a good spot to
09:46:44 19 take a short break?

09:46:46 20 MR. SYLVESTER: Sure. That's fine.

09:46:47 21 MR. FLUMENBAUM: Let's take a five-minute
09:46:49 22 break.

09:46:50 23 THE VIDEOGRAPHER: Okay. This is the end
09:46:51 24 of file 1.

09:46:53 25 We're off the record at 9:46 a.m.

09:46:57 1 (Whereupon, a recess was taken.)

09:58:24 2 THE VIDEOGRAPHER: This is the beginning
09:58:25 3 of File Number 2.

09:58:26 4 We're back on the record at 9:58 a.m.

09:58:28 5 BY MR. SYLVESTER:

09:58:31 6 Q. Mr. Larsen, did you ever use your XRP to
09:58:35 7 purchase any goods or services?

09:58:38 8 A. Yes.

09:58:40 9 MR. FLUMENBAUM: Objection as to form.

09:58:40 10 You may answer.

09:58:42 11 THE WITNESS: Yes.

09:58:42 12 BY MR. SYLVESTER:

09:58:42 13 Q. Okay. Approximately how much of the XRP
09:58:50 14 that you've transferred out of the 9 billion have
09:58:54 15 you used to purchase goods or services?

09:58:56 16 MR. FLUMENBAUM: Objection as to form.

09:58:58 17 THE WITNESS: I don't recall the exact
09:58:59 18 amount.

09:59:00 19 BY MR. SYLVESTER:

09:59:00 20 Q. As an approximate percentage?

09:59:03 21 MR. FLUMENBAUM: Objection as to form.

09:59:06 22 THE WITNESS: Less than 1 percent.

09:59:10 23 BY MR. SYLVESTER:

09:59:10 24 Q. Have you ever taken any steps to restrict
09:59:22 25 any overseas persons who purchased your XRP from

09:59:26 1 selling the XRP to U.S. persons?

09:59:29 2 MR. FLUMENBAUM: Objection as to form.

09:59:30 3 THE WITNESS: No.

09:59:31 4 BY MR. SYLVESTER:

09:59:34 5 Q. Have you ever instructed GSR to sell your
09:59:36 6 XRP on any particular digital asset platform?

09:59:41 7 MR. FLUMENBAUM: Objection as to form.

09:59:42 8 THE WITNESS: Not that I can recall.

09:59:44 9 BY MR. SYLVESTER:

09:59:44 10 Q. Have you ever instructed GSR not to sell
09:59:46 11 your XRP on any particular digital asset platform?

09:59:50 12 A. Not that I can recall.

09:59:52 13 MR. FLUMENBAUM: Mr. Sylvester, your mask
09:59:55 14 is below your nose.

10:00:00 15 Thank you.

10:00:01 16 BY MR. SYLVESTER:

10:00:02 17 Q. At the time of instructing GSR to sell
10:00:04 18 your XRP, did you have an understanding of which
10:00:08 19 digital asset platform GSR would use to sell it?

10:00:15 20 MR. FLUMENBAUM: Objection as to form.

10:00:15 21 THE WITNESS: No.

10:00:15 22 BY MR. SYLVESTER:

10:00:17 23 Q. Have you ever come to an understanding of
10:00:19 24 which digital asset platforms GSR used to sell your
10:00:22 25 XRP?

10:00:25 1 MR. FLUMENBAUM: Objection as to form.

10:00:26 2 THE WITNESS: My assumption is that they
10:00:28 3 are overseas.

10:00:29 4 BY MR. SYLVESTER:

10:00:29 5 Q. Have you ever confirmed that assumption
10:00:33 6 one way or the other?

10:00:35 7 MR. FLUMENBAUM: Objection as to form.

10:00:37 8 You may answer.

10:00:38 9 THE WITNESS: No.

10:00:38 10 BY MR. SYLVESTER:

10:00:49 11 Q. Have you ever sold your XRP on Coinbase?

10:00:55 12 MR. FLUMENBAUM: Objection as to form.

10:00:56 13 THE WITNESS: Once Coinbase listed XRP, I
10:00:58 14 may have done a trial sale, but generally, I've
10:01:04 15 been -- I've had a programmatic buy of Bitcoin,
10:01:11 16 Ethereum and XRP every week while XRP was still
10:01:15 17 listed.

10:01:17 18 BY MR. SYLVESTER:

10:01:17 19 Q. You had a programmatic buy of Bitcoin,
10:01:21 20 Ethereum and XRP on Coinbase every week while XRP
10:01:25 21 was listed?

10:01:26 22 A. Correct.

10:01:27 23 Q. Okay. Have you ever sold your XRP on
10:01:30 24 Bittrex?

10:01:33 25 A. You mean through GSR?

10:01:36 1 Q. In any way.

10:01:38 2 MR. FLUMENBAUM: Objection as to form.

10:01:41 3 THE WITNESS: To the best of my knowledge,
10:01:42 4 not directly. I'm not sure if GSR uses them or not.

10:01:49 5 BY MR. SYLVESTER:

10:01:49 6 Q. We spoke earlier about your response to
10:01:57 7 the SEC's Wells notice.

10:01:59 8 Do you recall that discussion?

10:02:02 9 A. You mean with Prosper?

10:02:04 10 Q. I apologize.

10:02:05 11 We spoke earlier about your counsel's
10:02:07 12 response to the SEC's Wells notice as a part of its
10:02:11 13 investigation of this matter.

10:02:13 14 Do you recall that?

10:02:14 15 A. Yes.

10:02:17 16 Q. Was all of the information supplied in
10:02:19 17 that Wells submission about where you traded your
10:02:23 18 XRP accurate, to the best of your knowledge?

10:02:25 19 MR. FLUMENBAUM: Objection as to form.

10:02:27 20 Asked and answered.

10:02:29 21 You may answer it again.

10:02:30 22 THE WITNESS: To the best of my knowledge.

10:02:46 23 BY MR. SYLVESTER:

10:02:46 24 Q. Did you ever sell your XRP on Poloniex?

10:02:51 25 MR. FLUMENBAUM: Objection as to form.

10:02:52 1 THE WITNESS: To the best of my knowledge,
10:02:53 2 not directly. And I believe that GSR might have,
10:03:08 3 but I can't recall.

10:03:18 4 MR. SYLVESTER: Let's take a look at
10:03:19 5 Exhibit 183, please.

10:03:51 6 (Whereupon, Deposition Exhibit CL-183
10:03:51 7 was marked for identification.)

10:03:51 8 MR. SYLVESTER: So for the record,
10:03:52 9 Exhibit 183 is a compilation of what appear to be
10:03:59 10 text messages between you, Mr. Larsen, and Mr. [REDACTED].

10:04:05 11 Q. Do you see that?

10:04:06 12 MR. FLUMENBAUM: Excuse me. Who produced
10:04:07 13 this?

10:04:11 14 MR. SYLVESTER: Either Ripple or
10:04:12 15 Mr. Larsen.

10:04:20 16 MR. FLUMENBAUM: Well, I think the first
10:04:22 17 document may be based on a privileged communication.
10:04:28 18 So this is 10/22/20.

10:04:39 19 MR. SYLVESTER: That's right.

10:04:39 20 So Mr. Larsen says --

10:04:43 21 MR. FLUMENBAUM: I see what the document
10:04:44 22 says. I'm just telling you this may be based on a
10:04:47 23 privileged communication.

10:04:48 24 MR. SYLVESTER: I'm not sure what "based
10:04:50 25 on a privileged communication" means in this

10:04:52 1 context.

10:04:52 2 Mr. Larsen is asking a --

10:04:54 3 MR. FLUMENBAUM: Well, I think the request
10:04:55 4 for information was at the direction of counsel.

10:05:15 5 BY MR. SYLVESTER:

10:05:22 6 Q. Mr. Larsen --

10:05:23 7 MR. FLUMENBAUM: Do you remember when the
10:05:24 8 Wells submission occurred, Mr. Sylvester?

10:05:32 9 MR. CERESNEY: I believe it was late
10:05:33 10 October --

10:05:35 11 MR. FLUMENBAUM: Yeah.

10:05:35 12 MR. CERESNEY: -- from my recollection.

10:05:38 13 MR. SYLVESTER: Just to be sure, your
10:05:40 14 privilege assertion is this conversation between
10:05:42 15 Mr. Larsen and a third party is privileged?

10:05:45 16 MR. FLUMENBAUM: Well, what I am saying is
10:05:47 17 that this communication is based on a communication
10:05:50 18 that was privileged between me and Mr. Larsen.
10:05:53 19 And --

10:05:54 20 MR. SYLVESTER: Right. But Mr. Larsen
10:05:56 21 spoke to a third party. That communication between
10:05:58 22 Mr. Larsen and the third party --

10:06:00 23 MR. FLUMENBAUM: I understand that, but
10:06:01 24 I'm not going to let him answer questions that
10:06:03 25 relate to it.

10:06:03 1 You have this document. I don't know if
10:06:06 2 we're going to try to claw it back or not. But in
10:06:08 3 any event, it is what it is.

10:06:10 4 MR. SYLVESTER: Let me understand the
10:06:11 5 basis of your instruction.

10:06:12 6 MR. FLUMENBAUM: Go ahead.

10:06:12 7 MR. SYLVESTER: Well, let me ask the
10:06:14 8 question, and then you can object --

10:06:17 9 MR. FLUMENBAUM: Go ahead. Let me see
10:06:18 10 what your questions are.

10:06:21 11 MR. SYLVESTER: Okay.

10:06:21 12 Q. Mr. Larsen, do you have an understanding
10:06:23 13 of whether Poloniex was a U.S. exchange until
10:06:26 14 October 2019?

10:06:30 15 MR. FLUMENBAUM: Objection.

10:06:30 16 If you want to ask him whether he received
10:06:34 17 this email from Mr. [REDACTED], I'll let you ask him that.

10:06:40 18 BY MR. SYLVESTER:

10:06:40 19 Q. Mr. Larsen, did you send this text message
10:06:42 20 that's the first page of CL183?

10:06:48 21 MR. FLUMENBAUM: You may answer that
10:06:49 22 either yes -- yes or no.

10:06:51 23 THE WITNESS: Yes.

10:06:53 24 BY MR. SYLVESTER:

10:06:53 25 Q. Okay. And page 2 of CL183, did you

10:06:56 1 receive that text message from Mr. [REDACTED]?

10:07:02 2 A. Not that I remember, but I see it here and
10:07:05 3 no reason to doubt it.

10:07:08 4 Q. Prior to October 22nd, 2020, did you
10:07:12 5 know whether or not Poloniex was a U.S. exchange?

10:07:15 6 MR. FLUMENBAUM: Objection as to form.

10:07:16 7 You may answer that question.

10:07:18 8 THE WITNESS: Well, Poloniex actually
10:07:20 9 wasn't -- it's a virtual exchange, existed.

10:07:28 10 The assumption -- you know, it was
10:07:31 11 overseas until it was bought by Circle, which was a
10:07:34 12 U.S. company, and then I think that they went
10:07:36 13 through a process of moving it to the U.S. until
10:07:38 14 they sold it or got rid of it in, I believe, 2019.

10:07:50 15 BY MR. SYLVESTER:

10:07:50 16 Q. Okay. So I want to make sure I understand
10:07:52 17 your answer.

10:07:52 18 Prior to this exhibit, prior to
10:07:54 19 October 2020, you had an understanding that Poloniex
10:07:57 20 was a U.S. company for a period of time but not
10:08:00 21 throughout its existence?

10:08:02 22 MR. FLUMENBAUM: Objection as to form.

10:08:02 23 That's not his understanding. That's not
10:08:08 24 what he testified --

10:08:09 25 MR. SYLVESTER: He can tell me.

10:08:10 1 MR. FLUMENBAUM: He just answered it. He
10:08:12 2 just answered it.

10:08:13 3 You want him to answer it again?

10:08:16 4 THE WITNESS: Can you repeat the question
10:08:17 5 again, please?

10:08:17 6 BY MR. SYLVESTER:

10:08:18 7 Q. Sure.

10:08:18 8 Prior to October 2020, was it your
10:08:20 9 understanding that Poloniex was a U.S. company for
10:08:22 10 some period of its existence?

10:08:25 11 MR. FLUMENBAUM: Objection as to form.
10:08:26 12 Inconsistent with his prior answer.

10:08:29 13 BY MR. SYLVESTER:

10:08:29 14 Q. You can answer.

10:08:31 15 A. So Poloniex was a very large global
10:08:34 16 exchange until it was bought by Circle, at which
10:08:39 17 time its volume pretty much completely shriveled up
10:08:44 18 and was sold by Circle at some point later.

10:09:16 19 Q. It's your understanding that GSR sold some
10:09:19 20 of your XRP through non-U.S. digital asset
10:09:22 21 platforms; is that right?

10:09:25 22 A. Yes.

10:09:26 23 Q. Okay. Did any of those non-U.S. digital
10:09:31 24 asset platforms permit U.S. purchasers?

10:09:35 25 MR. FLUMENBAUM: Objection as to form.

10:09:37 1 THE WITNESS: I -- I don't know.

10:09:39 2 BY MR. SYLVESTER:

10:09:39 3 Q. Did you ever give instructions to GSR that
10:09:45 4 your XRP only be sold on digital asset platforms
10:09:50 5 that prohibited U.S. purchasers?

10:09:52 6 A. No.

10:09:53 7 MR. FLUMENBAUM: Objection as to form.

10:09:53 8 THE WITNESS: Sorry.

10:09:53 9 No.

10:09:59 10 MR. FLUMENBAUM: Your mask, Mr. Sylvester.

10:10:00 11 BY MR. SYLVESTER:

10:10:02 12 Q. Do you maintain records regarding your XRP
10:10:05 13 sales outside of GSR?

10:10:11 14 MR. FLUMENBAUM: Objection as to form.

10:10:14 15 THE WITNESS: Well, I'm sure I can get
10:10:16 16 those records.

10:10:17 17 BY MR. SYLVESTER:

10:10:17 18 Q. Sure.

10:10:18 19 Setting aside whatever records might be at
10:10:21 20 GSR, do you maintain any records of your sales of
10:10:24 21 XRP?

10:10:25 22 MR. FLUMENBAUM: Objection as to form.

10:10:29 23 BY MR. SYLVESTER:

10:10:29 24 Q. Do you understand the question?

10:10:31 25 A. Are you asking me whether I know where my

10:10:35 1 sales have been made?

10:10:42 2 Q. No. I'm only asking if you maintain
10:10:44 3 records of your XRP sales in any way separate from
10:10:47 4 GSR's records.

10:10:48 5 A. Yes.

10:10:49 6 Q. Okay. Where are those records?

10:10:55 7 MR. FLUMENBAUM: Objection as to form.

10:10:56 8 You may answer.

10:11:01 9 THE WITNESS: You mean -- I don't
10:11:02 10 understand the question.

10:11:03 11 Are you asking where --

10:11:05 12 BY MR. SYLVESTER:

10:11:05 13 Q. Where do you maintain them?

10:11:09 14 A. In computer files with -- with our tax
10:11:12 15 people.

10:11:16 16

10:11:18 17

10:11:25 18

10:11:28 19

10:11:31 20 BY MR. SYLVESTER:

10:11:31 21 Q. Okay.

10:11:31 22 Do you know whether the digital platforms
10:11:46 23 on which GSR sold your XRP restricted XRP purchasers
10:11:51 24 from reselling to US persons?

10:11:53 25 MR. FLUMENBAUM: Objection as to form.

10:11:55 1 Asked and answered.

10:11:55 2 You may answer it again.

10:11:57 3 THE WITNESS: Not -- not to my knowledge.

10:11:59 4 BY MR. SYLVESTER:

10:11:59 5 Q. Are you familiar with the term "trading
10:12:01 6 bot"?

10:12:02 7 A. I've heard that term.

10:12:04 8 Q. Okay. What is a trading bot?

10:12:10 9 A. I think the definition would depend on the
10:12:11 10 organization.

10:12:12 11 Q. Have you used a trading bot to sell XRP?

10:12:19 12 A. Are you asking whether or not I use GSR's,
10:12:22 13 what they call a "bot"?

10:12:25 14 Q. Have you directed the sale of XRP that was
10:12:29 15 executed using a trade bot?

10:12:31 16 MR. FLUMENBAUM: Objection as to form.

10:12:35 17 THE WITNESS: I just want to understand
10:12:36 18 the question.

10:12:36 19 BY MR. SYLVESTER:

10:12:36 20 Q. Sure.

10:12:37 21 A. Are you asking whether I directly would
10:12:40 22 define -- or what I would have called a "bot" or are
10:12:43 23 you asking whether or not I've used market makers
10:12:45 24 that use technology that they would refer to as a
10:12:48 25 "bot"?

10:12:49 1 Q. The latter.

10:12:50 2 A. Yes.

10:12:51 3 Q. Okay.

10:12:54 4 Are you familiar with the term
10:12:56 5 "programmatic sales" as it's applied to sales of
10:13:01 6 XRP?

10:13:02 7 MR. FLUMENBAUM: Objection as to form.

10:13:02 8 You may answer.

10:13:03 9 THE WITNESS: Yes.

10:13:04 10 BY MR. SYLVESTER:

10:13:04 11 Q. Does the term "programmatic sales"
10:13:06 12 generally mean sales of XRP made using a trading
10:13:09 13 bot?

10:13:10 14 MR. FLUMENBAUM: Objection as to form.

10:13:11 15 THE WITNESS: Again, that would depend on
10:13:12 16 the institution. GSR uses that term, "bot."

10:13:17 17 BY MR. SYLVESTER:

10:13:17 18 Q. When -- let me put it this way: When GSR
10:13:20 19 sold XRP using trading bots, is that something you
10:13:24 20 would consider to be programmatic sales?

10:13:27 21 MR. FLUMENBAUM: Objection as to form.

10:13:30 22 THE WITNESS: Yes, generally. That makes
10:13:32 23 sense.

10:13:32 24 BY MR. SYLVESTER:

10:13:32 25 Q. Okay.

10:13:32 1 Focusing on GSR's trading bots that GSR
10:13:37 2 used to sell XRP, are those bots programmed to sell
10:13:42 3 an amount of XRP based on a percentage of XRP
10:13:45 4 trading volume?

10:13:46 5 MR. FLUMENBAUM: Objection as to form.
10:13:48 6 You may answer, if you know.

10:13:50 7 THE WITNESS: That's my understanding,
10:13:51 8 yes.

10:13:51 9 BY MR. SYLVESTER:

10:13:51 10 Q. And from time to time, you directed GSR's
10:13:58 11 use of a trading bot to sell your XRP; is that
10:14:01 12 right?

10:14:01 13 MR. FLUMENBAUM: Objection as to form.

10:14:04 14 THE WITNESS: Had an ongoing relationship
10:14:06 15 with GSR. As far as directing, I'm more relying on
10:14:10 16 their expertise.

10:14:12 17 BY MR. SYLVESTER:

10:14:12 18 Q. So GSR would recommend a course of action
10:14:15 19 with respect to selling XRP?

10:14:18 20 A. That's --

10:14:19 21 MR. FLUMENBAUM: Objection as to form.

10:14:21 22 What time period are you talking about?

10:14:23 23 There's no -- there's no boundary in your question.

10:14:32 24 BY MR. SYLVESTER:

10:14:32 25 Q. I think we discussed that you started your

10:14:34 1 relationship with GSR to sell XRP in around 2015.

10:14:36 2 Is that right?

10:14:37 3 A. Yes. I think I said sometime before 2015.

10:14:43 4 Q. Sometime before 2015. I apologize.

10:14:46 5 And at some point, you stopped using GSR
10:14:49 6 to sell your XRP; is that right?

10:14:51 7 MR. FLUMENBAUM: Objection as to form.

10:14:54 8 THE WITNESS: That's right.

10:14:55 9 BY MR. SYLVESTER:

10:14:55 10 Q. Okay. Throughout that time period that
10:14:56 11 we've just discussed, approximately prior to 2015,
10:14:59 12 to the time that you stopped using GSR to sell XRP,
10:15:03 13 did GSR make recommendations to you as to whether or
10:15:07 14 not to sell XRP?

10:15:10 15 A. That's generally correct.

10:15:11 16 Q. Okay. And then when GSR made those
10:15:13 17 recommendations to you, you would decide whether or
10:15:15 18 not to act on the recommendations; is that right?

10:15:18 19 MR. FLUMENBAUM: Objection as to form.

10:15:20 20 THE WITNESS: That's generally correct.

10:15:24 21 BY MR. SYLVESTER:

10:15:24 22 Q. You directed the sales of XRP made using
10:15:32 23 GSR's trading bot known as "4t," 4t as in "Tom"?

10:15:37 24 MR. FLUMENBAUM: Objection as to form.

10:15:38 25 THE WITNESS: That's correct.

10:15:38 1 BY MR. SYLVESTER:

10:15:39 2 Q. Okay. What about 4p, as in "Paul"?

10:15:44 3 MR. FLUMENBAUM: Objection as to form.

10:15:46 4 THE WITNESS: I don't recall what that is.

10:15:46 5 BY MR. SYLVESTER:

10:15:46 6 Q. Okay. Did anyone other than you direct
10:15:50 7 trading of XRP using the trading bot known as 4t as
10:15:55 8 in "Tom"?

10:15:56 9 MR. FLUMENBAUM: Objection as to form.

10:15:57 10 THE WITNESS: Not to my knowledge.

10:15:59 11 BY MR. SYLVESTER:

10:15:59 12 Q. Did you ever give a direction to GSR to
10:16:09 13 pause 4t?

10:16:12 14 MR. FLUMENBAUM: Objection as to form.

10:16:15 15 THE WITNESS: Yes. Based on information I
10:16:17 16 would get from them.

10:16:20 17 BY MR. SYLVESTER:

10:16:20 18 Q. And when you told GSR to pause a trading
10:16:23 19 bot, that meant to stop the bot from continuing to
10:16:27 20 sell XRP; is that right?

10:16:29 21 MR. FLUMENBAUM: Objection as to form.

10:16:30 22 THE WITNESS: That's correct.

10:16:31 23 BY MR. SYLVESTER:

10:16:31 24 Q. Okay.

10:16:36 25 You said from time to time you would pause

10:16:41 1 a trading bot based on information you got from GSR.

10:16:44 2 Is that right?

10:16:46 3 MR. FLUMENBAUM: Objection as to form.

10:16:47 4 Asked and answered.

10:16:50 5 THE WITNESS: Yes.

10:16:52 6 BY MR. SYLVESTER:

10:16:52 7 Q. Okay. What types of information did GSR
10:16:54 8 provide to inform your decision about whether to
10:16:57 9 pause a trading bot?

10:17:01 10 A. They would relay market dynamics.

10:17:05 11 Q. Can you be more specific about what market
10:17:07 12 dynamics they would relay?

10:17:10 13 A. What is occurring in the market.

10:17:13 14 Q. In the XRP market?

10:17:16 15 A. Well, could be XRP, it could be other
10:17:19 16 components of the virtual currency markets.

10:17:26 17 Q. What components of the XRP market did GSR
10:17:29 18 relay to you to inform your decision about whether
10:17:34 19 or not to pause a trading bot selling XRP?

10:17:37 20 A. Generally, what would be consistent with
10:17:42 21 our instructions, to be constructive and not have
10:17:45 22 impact on the market.

10:17:53 23 Q. Did you direct XRP sales made using any
10:17:58 24 trading bot other than 4t?

10:18:00 25 MR. FLUMENBAUM: Objection as -- objection

10:18:01 1 as to form.

10:18:02 2 THE WITNESS: Sorry, can you ask the
10:18:03 3 question --

10:18:04 4 BY MR. SYLVESTER:

10:18:04 5 Q. Sure.

10:18:04 6 A. -- can you ask the question again, please?

10:18:07 7 Q. Did you direct XRP sales made using any
10:18:09 8 trading bot other than 4t?

10:18:17 9 A. Based on conversations that I might have
10:18:20 10 had with other parties that had bots that would have
10:18:27 11 given me permission to do so from -- at certain
10:18:30 12 times, yes.

10:18:33 13 Q. Okay. Which parties at times gave you
10:18:36 14 permission to direct trading of XRP using trading
10:18:39 15 bots?

10:18:46 16 A. Rippleworks, for example, in the early
10:18:51 17 days of -- of its development.

10:18:58 18 Q. What trading bot is associated with
10:18:59 19 Rippleworks?

10:19:01 20 A. I don't recall the -- the number sitting
10:19:04 21 here.

10:19:05 22 Q. Okay. Did Rippleworks have one or more
10:19:10 23 than one trading bot?

10:19:12 24 A. My understanding is they had a single one,
10:19:14 25 but they might have -- they might have additional

10:19:16 1 ones.

10:19:17 2 Q. Did anyone other than you direct
10:19:20 3 Rippleworks' sales of XRP using Rippleworks' trading
10:19:25 4 bot?

10:19:26 5 MR. FLUMENBAUM: Objection as to form.
10:19:27 6 What time period are you talking about?

10:19:30 7 MR. SYLVESTER: At any time period.

10:19:31 8 MR. FLUMENBAUM: Well, his testimony is
10:19:32 9 that there was a short time period that he did do
10:19:37 10 some direction. So --

11 MR. SYLVESTER: I asked who. Not what,
10:19:42 12 not when. Who?

10:19:46 13 THE WITNESS: I'm sorry, can you repeat
10:19:47 14 the question?

10:19:47 15 BY MR. SYLVESTER:

10:19:48 16 Q. Sure.

10:19:52 17 During the time that Rippleworks used the
10:19:54 18 trading bot to sell XRP, who, other than you,
10:19:58 19 directed that trading bot, if anyone?

10:20:03 20 A. Would have been the CEO of Rippleworks.

10:20:07 21 Q. That's [REDACTED]?

10:20:08 22 A. Correct.

10:20:12 23 Q. And did Mr. [REDACTED] give those instructions
10:20:15 24 to GSR?

10:20:15 25 A. I believe that's the case.

10:20:19 1 Q. Did Mr. [REDACTED] consult you as to how to
10:20:22 2 direct Rippleworks' trading bot?

10:20:26 3 A. From time to time, as a board member.
10:20:29 4 However, there was a period of time that continues
10:20:32 5 where I have recused myself from that type of
10:20:40 6 discussion.

10:20:41 7 Q. When did that period of recusal start?

10:20:44 8 A. I don't recall the exact date. Sometime
10:20:46 9 in 2020, I believe.

10:20:49 10 Q. Okay. Did Mr. [REDACTED] ever -- ever instruct
10:20:54 11 GSR to sell XRP using Rippleworks' trading bot prior
10:20:58 12 to 2020?

10:20:59 13 A. I'm sorry, can you repeat the question?

10:21:03 14 Q. Sure.

10:21:03 15 Did Mr. [REDACTED] ever instruct GSR to sell
10:21:07 16 XRP using Rippleworks' trading bot prior to 2020?

10:21:11 17 A. Yes.

10:21:12 18 Q. Okay. Approximately how many times prior
10:21:20 19 to 2020 did Mr. [REDACTED] instruct GSR to trade XRP
10:21:27 20 using Rippleworks' trading bot?

10:21:31 21 MR. FLUMENBAUM: Objection as to form.

10:21:32 22 You may answer.

10:21:33 23 THE WITNESS: I don't know.

10:21:33 24 BY MR. SYLVESTER:

10:21:33 25 Q. Was it infrequent?

10:21:36 1 MR. FLUMENBAUM: Objection as to form.

10:21:41 2 Asked and answered.

10:21:42 3 THE WITNESS: Yeah, I'm not sure.

10:21:43 4 BY MR. SYLVESTER:

10:21:43 5 Q. Okay. Prior to 2020, did Mr. [REDACTED]
10:21:50 6 typically consult you prior to providing any
10:21:53 7 instructions to GSR with respect to trading in XRP
10:21:58 8 using Rippleworks' trading bot?

10:22:01 9 MR. FLUMENBAUM: Objection as to form.

10:22:02 10 THE WITNESS: He might, from time to time,
10:22:06 11 let me know of a change.

10:22:23 12 BY MR. SYLVESTER:

10:22:23 13 Q. Other than 4t and Rippleworks' trading
10:22:29 14 bot, are there any other trading bots for which you
10:22:33 15 directed the sales of XRP?

10:22:38 16 MR. FLUMENBAUM: Objection as to form.

10:22:43 17 THE WITNESS: Well, when you say,
10:22:43 18 "direct," you mean where I had the authority on my
10:22:46 19 own?

10:22:47 20 BY MR. SYLVESTER:

10:22:50 21 Q. Where you gave the instruction to trade or
10:22:52 22 not trade.

10:22:54 23 [REDACTED]
10:22:57 24 [REDACTED]
10:23:04 25 [REDACTED]

10:23:05 1

10:23:08 2

10:23:11 3

10:23:13 4

10:23:16 5

10:23:17 6

10:23:22 7

10:23:25 8

10:23:29 9

10:23:29 10

10:23:32 11

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10:23:48 13

10:23:49 14

10:23:50 15

10:24:04 16

10:24:05 17

10:24:08 18

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10:24:51 23

10:24:55 24

10:24:56 25

MR. SYLVESTER: Let's look at Exhibit 114,
please.

(Whereupon, Deposition Exhibit CL-114
was marked for identification.)

THE WITNESS: Are you done with this
document?

MR. SYLVESTER: Yes.

MR. FLUMENBAUM: This document that you've
marked as Mr. Larsen 114, it doesn't have any Bates
stamp numbers.

MR. SYLVESTER: I see that. That was
unintentional on our part. We can provide them.

MR. FLUMENBAUM: Neither did the other
one. I mean, that's just not acceptable. We have

10:24:58 1 no idea where these came from, when you've produced
10:25:01 2 them.

10:25:05 3 MR. SYLVESTER: Let me ask Mr. Larsen if
10:25:06 4 he recognizes the document.

10:25:07 5 MR. FLUMENBAUM: Well, I would like a
10:25:09 6 Bates-stamped document that I --

10:25:11 7 MR. SYLVESTER: Okay. We can provide it.

10:25:13 8 MR. FLUMENBAUM: You know, who produced
10:25:14 9 this document?

10:25:15 10 MR. SYLVESTER: We can provide it.

10:25:17 11 MR. FLUMENBAUM: I've asked a question:
10:25:18 12 Who produced this document?

10:25:20 13 MR. SYLVESTER: I don't know off the top
10:25:21 14 of my head. It was either Mr. Larsen, Ripple or
10:25:23 15 GSR.

10:25:23 16 MR. FLUMENBAUM: Every document that
10:25:25 17 Mr. Larsen produced had a Bates stamp number.

10:25:28 18 MR. SYLVESTER: Okay. Then perhaps --

10:25:30 19 MR. FLUMENBAUM: And I believe every
10:25:30 20 document that Ripple produced had a Bates stamp
10:25:33 21 number. So --

10:25:34 22 MR. SYLVESTER: I can represent to you
10:25:34 23 that the Securities and Exchange Commission didn't
10:25:36 24 construct this document. We received it from one of
10:25:38 25 the three parties that I just told you.

10:25:40 1 We can get you the Bates stamp.

10:25:44 2 MR. FLUMENBAUM: Well, I hope this doesn't
10:25:49 3 continue during the course of this deposition.

10:25:50 4 I think this issue was raised once before,
10:25:53 5 about using non-Bates-stamped numbers -- documents,
10:25:57 6 and you promised it wouldn't happen again.

10:26:02 7 MR. SYLVESTER: Let's proceed.

10:26:06 8 MR. FLUMENBAUM: I'm reserving my rights
10:26:08 9 with respect to this document.

10:26:10 10 MR. SYLVESTER: Okay.

10:26:11 11 For the record, CL114 is a series of email
10:26:19 12 exchanges between yourself and [REDACTED].

10:26:23 13 Q. The top email is August 23rd, 2017; is
10:26:26 14 that right?

10:26:29 15 A. I don't recall it --

10:26:30 16 MR. FLUMENBAUM: Are you representing that
10:26:31 17 this is a full exchange of emails?

10:26:35 18 MR. SYLVESTER: I'm representing this is
10:26:36 19 the document as produced to us.

10:26:41 20 MR. FLUMENBAUM: All right.

10:26:42 21 THE WITNESS: Yeah, I don't recall it, but
10:26:44 22 no reason to doubt it.

10:26:45 23 BY MR. SYLVESTER:

10:26:46 24 Q. No reason to doubt you would receive an
10:26:48 25 email at [REDACTED]@cripple.com; is that right?

10:26:54 1 A. That's correct.

10:26:54 2 Q. Okay. Now, who is Mr. [REDACTED]?

10:26:56 3 A. He's the -- I believe, the managing
10:26:58 4 director as GSR, which is a market making
10:27:02 5 institution.

10:27:02 6 Q. Do you see where Mr. [REDACTED] writes, "[REDACTED] is
10:27:04 7 asking us for an ETA on bot 6t restart. Please
10:27:09 8 advise"?

10:27:10 9 A. I do.

10:27:11 10 Q. Do you understand "[REDACTED]" to be [REDACTED]?

10:27:13 11 A. I assume that's correct.

10:27:14 12 Q. 6t is Rippleworks' trading bot; is that
10:27:17 13 right?

10:27:20 14 MR. FLUMENBAUM: Objection as to form.

10:27:21 15 THE WITNESS: No reason to doubt that.

10:27:22 16 BY MR. SYLVESTER:

10:27:22 17 Q. And here, Mr. [REDACTED] is asking --

10:27:25 18 MR. FLUMENBAUM: The question is not
10:27:26 19 whether you doubt it, the question is whether you
10:27:28 20 know it.

10:27:29 21 I don't want him to start showing you a
10:27:31 22 document that's unmarked, that has no way for us to
10:27:37 23 check the origin of here today, and you assume
10:27:42 24 stuff.

10:27:42 25 So just answer, please, what you know.

10:27:45 1 THE WITNESS: Sure.

10:27:46 2 I don't know.

10:27:47 3 BY MR. SYLVESTER:

10:27:49 4 Q. Were there occasions in which Mr. [REDACTED]
10:27:57 5 reached out to GSR to inquire when Rippleworks' bot
10:28:02 6 could be restarted, and GSR reached out to you for
10:28:07 7 your views?

10:28:10 8 MR. FLUMENBAUM: Objection as to form.

10:28:18 9 THE WITNESS: Sorry, can you repeat the
10:28:19 10 question?

10:28:21 11 BY MR. SYLVESTER:

10:28:21 12 Q. Sure.

10:28:22 13 Were there occasions in which Mr. [REDACTED]
10:28:24 14 reached out to GSR to inquire when Rippleworks' bot
10:28:28 15 could be restarted, and GSR reached out to you for
10:28:31 16 your views?

10:28:33 17 MR. FLUMENBAUM: Objection as to form.

10:28:34 18 Are you asking whether he was present at
10:28:36 19 such a conversation?

10:28:37 20 MR. SYLVESTER: I'm asking if he knows
10:28:38 21 that.

10:28:43 22 MR. FLUMENBAUM: Objection as to form.

10:28:45 23 THE WITNESS: I think, occasionally, a GSR
10:28:49 24 might reach out to confirm something that [REDACTED] is
10:28:52 25 asking about.

10:28:53 1 BY MR. SYLVESTER:

10:28:53 2 Q. Why is that?

10:28:55 3 MR. FLUMENBAUM: Objection as to form.

10:28:59 4 THE WITNESS: Because that's the way, at
10:29:00 5 this time, [REDACTED] conducted his authority as the CEO.

10:29:07 6 BY MR. SYLVESTER:

10:29:08 7 Q. When you say, "that's the way [REDACTED]
10:29:10 8 conducted his authority," what does that mean?

10:29:13 9 MR. FLUMENBAUM: Objection as form.

10:29:15 10 THE WITNESS: That that's how he was
10:29:19 11 operating with GSR.

12 MR. SYLVESTER: Okay. For the record, the
10:29:25 13 Bates stamp of this document is LARSEN_NAT_0000041.

10:29:33 14 MR. FLUMENBAUM: Larsen, go ahead?

10:29:36 15 MR. SYLVESTER: N-A-T, as in "Tom," five
10:29:39 16 zeros and then 41.

10:29:49 17 BY MR. SYLVESTER:

10:29:49 18 Q. Have you ever directed the sales of XRP
10:29:51 19 using the Rippleworks bot of 24t?

10:29:55 20 A. I don't recall that number.

10:30:05 21 Q. Have you ever directed sales of XRP using
10:30:11 22 a trading bot for the benefit of [REDACTED]?

10:30:17 23 MR. FLUMENBAUM: Objection as to form.

10:30:19 24 THE WITNESS: No, I don't have the
10:30:21 25 authority to do that.

10:30:22 1 I believe you're talking about [REDACTED]

10:30:23 2 [REDACTED]

10:30:28 3 BY MR. SYLVESTER:

10:30:28 4 Q. Okay. Have you ever directed trading of
10:30:30 5 XRP for [REDACTED]

10:30:34 6 MR. FLUMENBAUM: Objection as to form.

10:30:36 7 THE WITNESS: No. I don't have the
10:30:37 8 authority to do that.

10:30:41 9 MR. SYLVESTER: Okay. Let's take a look
10:30:46 10 at Exhibit 157, please.

10:30:47 11 (Whereupon, Deposition Exhibit CL-157
10:30:47 12 was marked for identification.)

10:30:51 13 THE WITNESS: Are you finished with this
10:30:53 14 document?

10:30:53 15 BY MR. SYLVESTER:

10:30:55 16 Q. Yes, sir.

10:31:43 17 A. Okay.

10:32:35 18 Q. Mr. Larsen, Exhibit 157 is a -- two pages
10:32:41 19 of handwritten notes dated 9/2018; is that right?

10:32:45 20 A. Yes.

10:32:47 21 Q. Is this -- are these your handwritten
10:32:49 22 notes?

10:32:49 23 A. They are.

10:32:50 24 [REDACTED]

10:32:53 25 [REDACTED]

10:33:01 1

[REDACTED]

10:33:05 2

Do you see that?

10:33:06 3

A. I do.

10:33:06 4

Q. What's [REDACTED] DAF?

10:33:10 5

A. "[REDACTED]" stands for [REDACTED]

10:33:13 6

[REDACTED], which is a Silicon Valley nonprofit.

10:33:18 7

"DAF" stands for donor-advised fund.

10:33:22 8

Q. Did [REDACTED] DAF purchase XRP?

10:33:28 9

MR. FLUMENBAUM: Objection as to form.

10:33:29 10

THE WITNESS: Not to my knowledge.

10:33:31 11

BY MR. SYLVESTER:

10:33:31 12

Q. Okay.

10:33:31 13

[REDACTED]

10:33:38 14

[REDACTED]

10:33:41 15

[REDACTED]

10:33:43 16

[REDACTED]

10:33:48 17

[REDACTED]

10:33:51 18

[REDACTED]

10:33:55 19

[REDACTED]

10:33:57 20

[REDACTED]

10:33:59 21

[REDACTED]

10:34:02 22

[REDACTED]

10:34:02 23

[REDACTED]

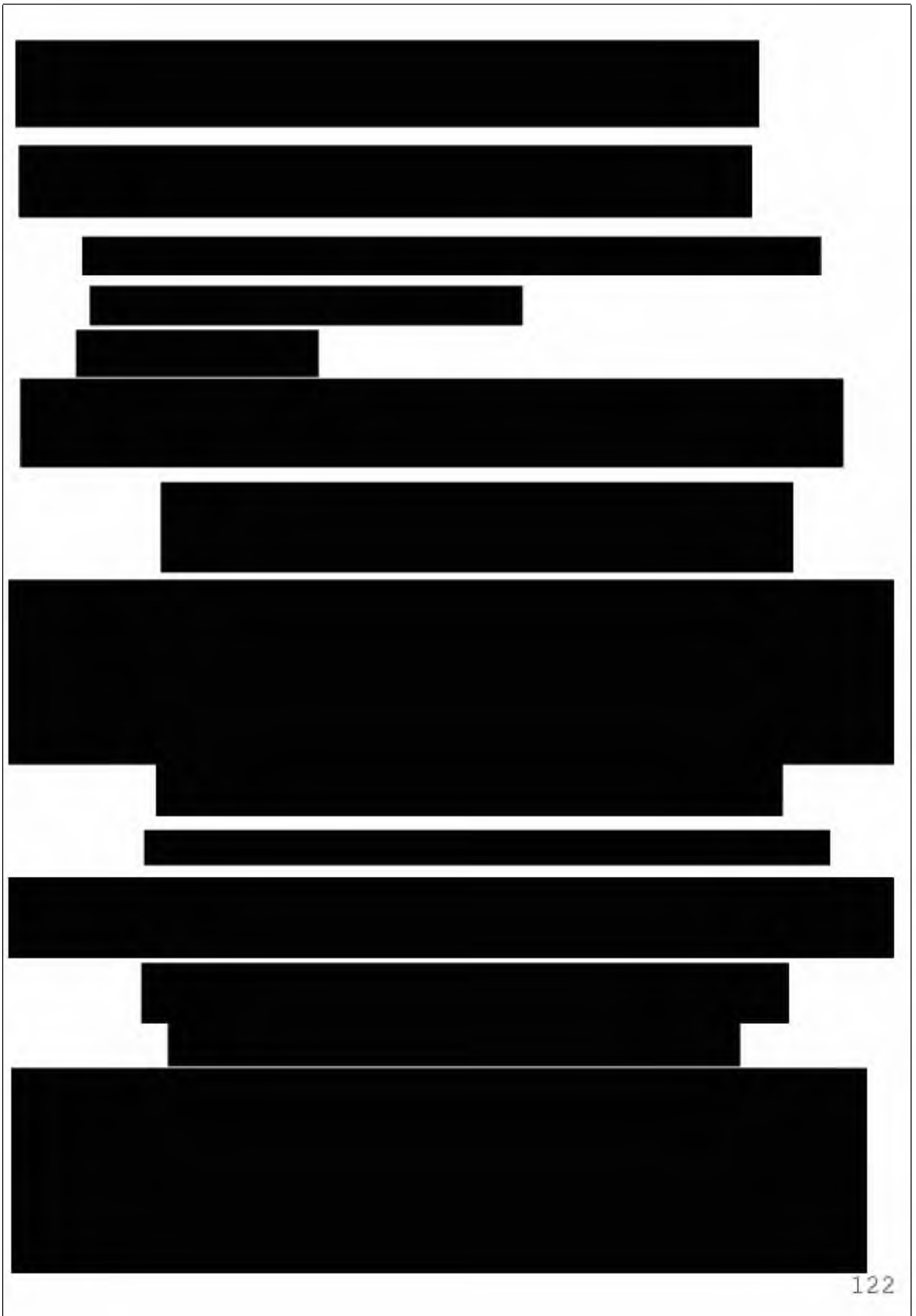
10:34:05 24

[REDACTED]

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[REDACTED]

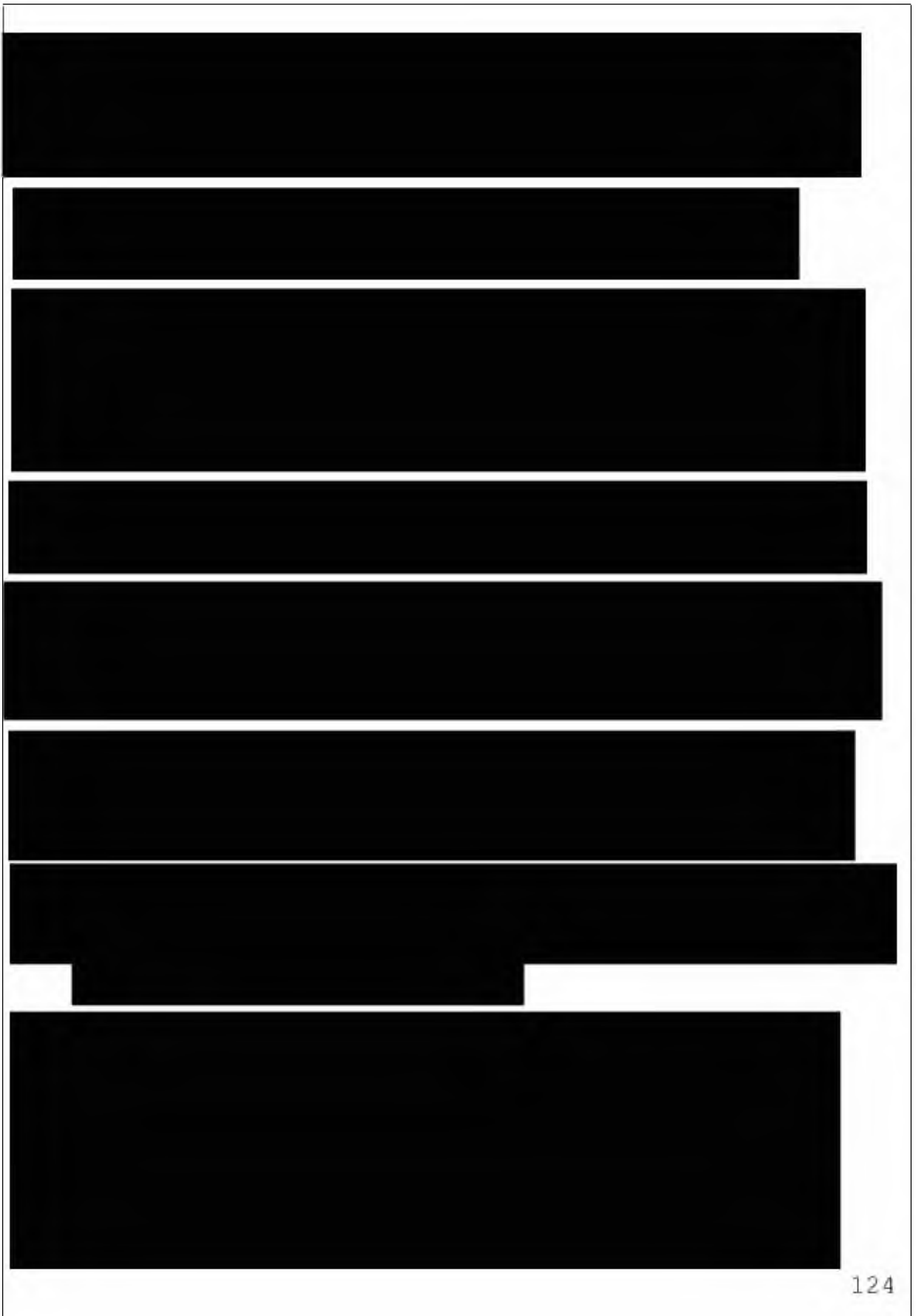
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10:34:28 9
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10:35:04 25



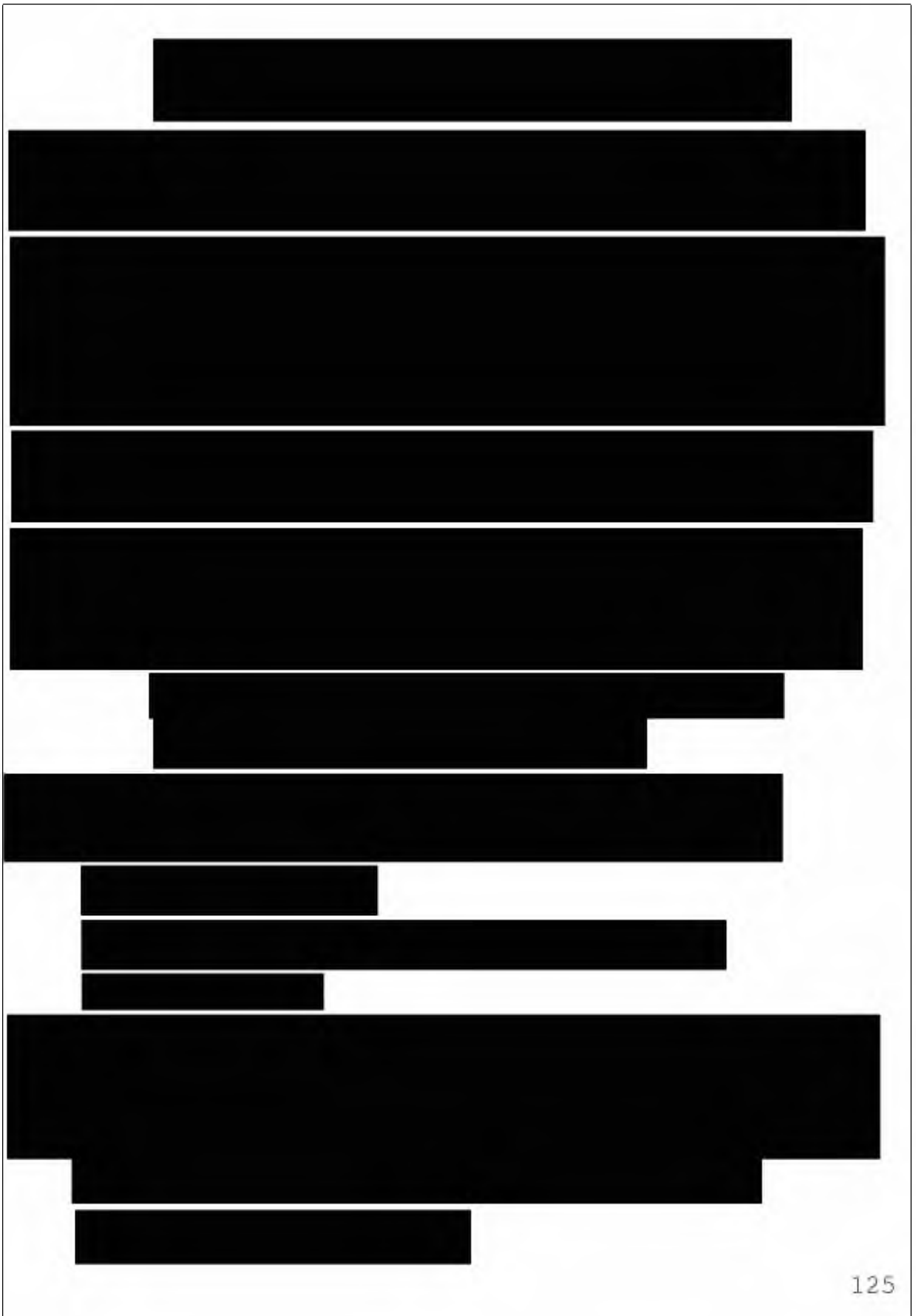
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10:36:00 23
10:36:00 24
10:36:03 25

[REDACTED]

10:36:07 1
10:36:08 2
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10:36:12 5
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10:37:43 16
10:37:43 17
10:37:46 18
10:37:46 19
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10:37:57 23
10:37:59 24
10:38:00 25



10:38:10 1 When you make a determination whether or
10:38:12 2 not to sell your XRP, what factors do you consider?

10:38:21 3 A. Well, primarily is the market makers'
10:38:25 4 recommendation.

10:38:26 5 Q. And what factors play into the market
10:38:32 6 makers' recommendation?

10:38:35 7 MR. FLUMENBAUM: Objection as to form.

10:38:39 8 THE WITNESS: I mean, that's -- that's
10:38:42 9 based on their intelligence and technology and
10:38:46 10 capabilities.

10:38:49 11 BY MR. SYLVESTER:

10:38:49 12 Q. Do you have an understanding of what
10:38:51 13 factors they look at?

10:38:53 14 A. I actually -- I'm not a market maker.
10:38:56 15 It's a complicated business, especially in these --
10:38:59 16 these are sophisticated global markets. So I would
10:39:03 17 defer to them.

10:39:05 18 Q. Understanding that you defer to their
10:39:08 19 expertise, do you have an understanding of what
10:39:11 20 factors they consider when generating a
10:39:13 21 recommendation for whether or not you should sell
10:39:15 22 XRP?

10:39:17 23 MR. FLUMENBAUM: Objection as to form.

10:39:18 24 THE WITNESS: I don't, actually. I think
10:39:19 25 that's also very complex and very dynamic.

10:39:26 1 BY MR. SYLVESTER:

10:39:26 2 Q. Do you have an understanding whether or
10:39:31 3 not -- we'll use GSR -- strike that.

10:39:34 4 Do you have an understanding whether or
10:39:35 5 not GSR observed XRP market conditions prior to
10:39:38 6 making a market recommendation as to whether or not
10:39:41 7 you should sell XRP?

10:39:43 8 MR. FLUMENBAUM: Objection as to form.

10:39:43 9 THE WITNESS: That would be my assumption.

10:39:44 10 BY MR. SYLVESTER:

10:39:44 11 Q. Do you have an understanding of whether or
10:39:48 12 not GSR considers the price of XRP when deciding
10:39:51 13 whether or not to recommend that you sell XRP?

10:39:54 14 MR. FLUMENBAUM: Objection as to form.

10:39:56 15 THE WITNESS: It would be my assumption
10:39:57 16 that any market maker would look at those factors,
10:39:59 17 yes.

10:40:00 18 BY MR. SYLVESTER:

10:40:00 19 Q. When you say, "those factors," that
10:40:02 20 includes price?

10:40:03 21 A. That would be my assumption.

10:40:05 22 Q. Does it include volume?

10:40:06 23 A. It would be my assumption that any market
10:40:08 24 maker would look at that variable as well.

10:40:23 25 Q. Did you ever give GSR instructions as to

10:40:26 1 your goals with respect to XRP sales?

10:40:30 2 MR. FLUMENBAUM: Objection as to form.

10:40:31 3 You may answer.

10:40:32 4 THE WITNESS: Yes.

10:40:34 5 BY MR. SYLVESTER:

10:40:34 6 Q. What were those goals?

10:40:36 7 A. Well, in a word, to be constructive.

10:40:53 8 MR. SYLVESTER: Okay. Let's take a look
10:40:54 9 at Exhibit 114, please.

10:40:56 10 THE WITNESS: Are you --

10:40:57 11 MR. SYLVESTER: Done with that one, yeah.

10:40:59 12 Thank you.

10:41:01 13 We sure did already pass out 114.

10:41:17 14 BY MR. SYLVESTER:

10:41:17 15 Q. Can we go back to 114?

10:41:19 16 I think you probably have that in this
10:41:22 17 pile, sir.

10:41:26 18 A. Are you talking about this one here?

10:41:28 19 Q. Yes. That's right.

10:41:34 20 ZOOM PARTICIPANT: Are you going back to
10:41:35 21 115?

10:41:36 22 MR. SYLVESTER: 114.

10:41:38 23 ZOOM PARTICIPANT: 114?

10:41:40 24 MR. SYLVESTER: Yes.

25 / /

10:41:40 1 Q. This is a document we have previously
10:41:43 2 identified ending Bates -41.

10:41:45 3 Mr. [REDACTED] writes at the bottom of the first
10:41:50 4 page, "Hi, Chris, confirming Polo at 0.2%."

10:41:55 5 MR. FLUMENBAUM: Where are you reading?
10:41:57 6 I'm sorry.

10:41:57 7 MR. SYLVESTER: At the bottom of page 1.
10:42:01 8 One email up from the bottom.

10:42:03 9 MR. FLUMENBAUM: Oh, okay.

10:42:07 10 BY MR. SYLVESTER:

10:42:07 11 Q. Do you see where I'm reading from,
10:42:09 12 Mr. Larsen?

10:42:10 13 A. Oh, at the top?

10:42:11 14 Q. No, at the bottom.

10:42:12 15 MR. FLUMENBAUM: I think he's starting in
10:42:13 16 the middle, where it's point 2, not point 1.

10:42:15 17 MR. SYLVESTER: Did I misspeak? I
10:42:17 18 apologize.

10:42:18 19 THE WITNESS: Yeah.

10:42:20 20 BY MR. SYLVESTER:

10:42:20 21 Q. Okay. Is Polo in this sentence Poloniex?

10:42:23 22 A. I assume so, yes.

10:42:25 23 Q. Okay. Mr. [REDACTED] asks, "Should I restart
10:42:28 24 tactical selling?"

10:42:29 25 Do you see that?

10:42:30 1 A. I'm sorry --

10:42:35 2 Q. It's the same spot at the bottom of the
10:42:37 3 page.

10:42:38 4 A. I see that.

10:42:39 5 Q. Okay. And do you see right on top of
10:42:42 6 where I was just reading from, you respond:

10:42:44 7 "Very importantly - don't want
10:42:46 8 to negatively impact market with
10:42:48 9 any tactical efforts - only if
10:42:50 10 constructive."

10:42:51 11 Do you see that?

10:42:52 12 A. I do.

10:42:53 13 Q. Okay. What does "tactical efforts" mean
10:42:56 14 in this email?

10:42:57 15 A. I assume it means programmatic. That's a
10:43:00 16 tactic.

10:43:04 17 Q. Just to make sure I understand your
10:43:05 18 answer, "tactical efforts" in this context means
10:43:08 19 programmatic sales of XRP?

10:43:10 20 A. Well, a tactic is kind of an execution
10:43:14 21 term, and programmatic being selling is a tactic.

10:43:19 22 Q. Sure. I take your point.

10:43:21 23 But as it applies to this particular
10:43:25 24 email, is that what it means?

10:43:27 25 A. To the best of my knowledge, yes.

10:43:31 1 Q. You tell Mr. [REDACTED], "don't want to
10:43:34 2 negatively impact market."

10:43:36 3 Do you see that?

10:43:36 4 A. I do.

10:43:37 5 Q. What negative impact --

10:43:38 6 MR. FLUMENBAUM: Wait, wait, wait, read
10:43:39 7 the whole -- "with any tactical efforts - only if
10:43:41 8 constructive" --

10:43:43 9 MR. SYLVESTER: I did read the whole
10:43:44 10 thing. I'm just asking about that peculiar phrase.

10:43:48 11 Q. So among the things that you write, you
10:43:50 12 write, "Don't want to negatively impact market,"
10:43:53 13 correct?

10:43:54 14 A. Yes.

15 Q. Okay. What negative impact on the market
10:43:57 16 did you want to avoid?

10:43:59 17 MR. FLUMENBAUM: Object. Objection as to
10:44:04 18 form.

10:44:05 19 THE WITNESS: Well, I mean, exactly what
10:44:08 20 it says here. Negative would be not being
10:44:10 21 constructive.

10:44:13 22 BY MR. SYLVESTER:

10:44:13 23 Q. Okay. And understanding that
10:44:16 24 "constructive" is a broad term, what factors did you
10:44:22 25 not want to impact -- what market factors did you

10:44:25 1 not want to impact with your XRP sales?

10:44:28 2 MR. FLUMENBAUM: Objection as to form.

10:44:29 3 Asked and answered.

10:44:29 4 You've already asked him what he meant by
10:44:32 5 "constructive" earlier.

10:44:34 6 THE WITNESS: Well, yeah. My assumption
10:44:36 7 is that [REDACTED] and GSR knows what a constructive
10:44:42 8 environment is, what a not constructive environment
10:44:45 9 is, and I want him to be constructive.

10:44:47 10 BY MR. SYLVESTER:

10:44:47 11 Q. Just focusing on your instruction, your
10:44:50 12 words, you don't want to negatively impact the
10:44:53 13 market, does that include avoiding any sales that
10:44:56 14 would negatively impact XRP's price?

10:45:00 15 MR. FLUMENBAUM: Objection as to form.

10:45:01 16 THE WITNESS: It means exactly what it
10:45:02 17 says there, is not being nonconstructive. Don't be
10:45:08 18 destructive.

10:45:09 19 BY MR. SYLVESTER:

10:45:09 20 Q. Right.

10:45:09 21 Would a destructive impact include
10:45:13 22 pressuring XRP's price negatively?

10:45:17 23 MR. FLUMENBAUM: Objection as to form.

10:45:18 24 THE WITNESS: Again, that's up -- up to
10:45:21 25 [REDACTED] to recommend to us. But, again, our

10:45:25 1 objective is to not have an impact on the market.

10:45:29 2 And that is -- that would be constructive.

10:45:32 3 BY MR. SYLVESTER:

10:45:32 4 Q. When you say your objective -- our
10:45:34 5 objective -- strike that.

10:45:35 6 You just said, "our objective."

10:45:38 7 In the context of your sales of XRP, that
10:45:40 8 was your objective; is that right?

10:45:44 9 MR. FLUMENBAUM: Objection as to form.

10:45:44 10 I didn't follow your question.

10:45:52 11 THE WITNESS: Yeah. If you could repeat
10:45:53 12 that, please.

10:45:54 13 BY MR. SYLVESTER:

10:45:54 14 Q. Sure.

10:45:54 15 You said, Mr. Larsen, but, again, our
10:45:56 16 objective is to not have an impact on the market.

10:46:00 17 I just want to clarify that the "our" in
10:46:02 18 that sentence includes your sales of your XRP?

10:46:05 19 A. Yes, it does.

10:46:06 20 Q. Okay.

10:46:14 21 Did GSR ever recommend that you stop
10:46:17 22 selling XRP because the price of XRP was declining?

10:46:25 23 MR. FLUMENBAUM: Objection as to form.

10:46:27 24 THE WITNESS: GSR has recommended to pause
10:46:29 25 selling from time to time.

10:46:33 1 BY MR. SYLVESTER:

10:46:33 2 Q. Was one of the reasons that they
10:46:34 3 recommended to pause selling from time to time that
10:46:39 4 XRP's price was declining?

10:46:42 5 MR. FLUMENBAUM: Objection as to form.

10:46:43 6 THE WITNESS: Again, I don't know all of
10:46:45 7 the variables he's going to put into that in making
10:46:49 8 that determination.

10:46:54 9 MR. SYLVESTER: Okay. Let's look at
10:46:55 10 Exhibit 209, please.

10:47:05 11 (Whereupon, Deposition Exhibit CL-209
10:47:06 12 was marked for identification.)

10:47:28 13 MR. FLUMENBAUM: For the record, let me
10:47:29 14 note that there's no Bates number on this document
10:47:32 15 again.

10:47:32 16 MR. SYLVESTER: We'll get it for you.

10:47:35 17 Q. This appears to be an exchange of emails,
10:47:38 18 one page, between Mr. Larsen and Mr. [REDACTED] dated
10:47:43 19 December 14th, 2017.

10:47:44 20 Do you see that, Mr. Larsen?

10:47:46 21 A. Yes.

10:47:47 22 Q. Okay. Mr. [REDACTED] writes:

10:47:49 23 "Market seems very frothy and
10:47:53 24 it might be a good opportunity to
10:47:54 25 tactically increase sales. Please

10:47:57 1 advise."

10:47:58 2 Do you see that?

10:47:58 3 A. Yes, I do.

10:47:59 4 Q. Do you have an understanding of what
10:48:01 5 Mr. [REDACTED] meant by "very frothy"?

10:48:04 6 A. I believe he is indicating that he had,
10:48:07 7 say, a booming market.

10:48:11 8 Q. What do you mean by "booming market"?

10:48:13 9 A. High volume.

10:48:19 10 Q. Just for context, this email is about your
10:48:22 11 sales of XRP; is that right?

10:48:26 12 MR. FLUMENBAUM: Objection as to --
10:48:28 13 objection as to form.

10:48:32 14 THE WITNESS: Yes, I believe so.

10:48:33 15 BY MR. SYLVESTER:

10:48:33 16 Q. Okay. And you say, "Let's try a
10:48:35 17 constructive increase"; is that right?

10:48:39 18 A. Correct.

10:48:41 19 MR. FLUMENBAUM: Just so the record's
10:48:42 20 clear, the first email says, "It's difficult to keep
10:48:46 21 up with demand. The buying in Korea keeps growing."

10:48:51 22 BY MR. SYLVESTER:

10:48:51 23 Q. Did you -- Mr. Larsen, following up on
10:48:56 24 that, did you understand that that was the buying of
10:48:59 25 XRP in Korea keeps growing?

10:49:01 1 A. Yeah, that would be my assumption.

10:49:03 2 Q. Okay.

10:49:06 3 A. Although he certainly could be meaning
10:49:08 4 crypto markets.

10:49:31 5 MR. SYLVESTER: Let's look at Exhibit 101,
10:49:32 6 please.

10:49:34 7 (Whereupon, Deposition Exhibit CL-101
10:49:35 8 was marked for identification.)

10:49:35 9 BY MR. SYLVESTER:

10:49:58 10 Q. Exhibit 101 is a one-page email thread
10:50:03 11 between Mr. Larsen and [REDACTED], dated
10:50:07 12 May 25th, 2017.

10:50:10 13 Do you see that, Mr. Larsen?

10:50:11 14 MR. FLUMENBAUM: It's also to [REDACTED] GSR --

10:50:17 15 MR. SYLVESTER: That's right.

10:50:17 16 MR. FLUMENBAUM: -- the two recipients.

10:50:22 17 THE WITNESS: I see it.

10:50:22 18 BY MR. SYLVESTER:

10:50:26 19 Q. Okay. Mr. [REDACTED] -- [REDACTED] GSR is [REDACTED]
10:50:30 20 [REDACTED] email address, correct?

10:50:32 21 A. Correct.

10:50:33 22 Q. Mr. [REDACTED] writes:

10:50:33 23 A. "Good morning, [REDACTED],

10:50:35 24 We are continuing to observe
10:50:36 25 de-risking of XRP (into ETH,

10:50:40 1 Bitcoin and now ETC), so we believe
10:50:43 2 it is most constructive to halt
10:50:45 3 sales and allow the market to
10:50:46 4 consolidate above the (technically
10:50:49 5 important) 25c level.

10:50:50 6 "For good order sake, we
10:50:53 7 stopped 4t and 4p at 1:00 a.m. PT
10:50:58 8 today."

10:50:59 9 Do you see that?

10:50:59 10 A. I do.

10:51:00 11 Q. Is "25c" 25 cents?

10:51:03 12 A. I believe so.

10:51:04 13 Q. Do you have an understanding of what
10:51:05 14 de-risking of XRP means in this context?

10:51:13 15 A. Not entirely. Yeah. Not entirely.

10:51:17 16 Q. Mr. [REDACTED] writes to you that he's halted
10:51:19 17 sales of 4t and 4p; is that right?

10:51:22 18 A. Correct.

10:51:23 19 Q. Okay. And Mr. [REDACTED] writes that he's done
10:51:25 20 so to allow the market to consolidate above the
10:51:27 21 technically important 25-cent level; is that right?

10:51:32 22 A. I see that.

10:51:34 23 Q. Did you understand 25-cent to be a
10:51:35 24 reference to the price of XRP at that time?

10:51:40 25 MR. FLUMENBAUM: Objection as to form.

10:51:40 1 THE WITNESS: I assume so.

10:51:47 2 MR. SYLVESTER: Let's take a look at
10:51:51 3 Exhibit 87, please.

10:51:53 4 (Whereupon, Deposition Exhibit CL-87
10:51:54 5 was marked for identification.)

10:52:49 6 MR. SYLVESTER: Just for the record, while
10:52:50 7 Mr. Larsen's reviewing that document, Exhibit 209 is
10:52:53 8 Bates labeled LARSEN_NAT_0000049.

10:52:59 9 BY MR. SYLVESTER:

10:53:02 10 Q. Okay. Back to Exhibit 87 --

10:53:05 11 MR. FLUMENBAUM: Can I ask a question, why
10:53:07 12 you're not using -- if you have the Bates stamp
10:53:10 13 number, why -- and how do you get this document
10:53:12 14 without the Bates stamp number?

10:53:14 15 MR. SYLVESTER: We can discuss that at
10:53:15 16 some other occasion.

10:53:17 17 MR. FLUMENBAUM: Well --

10:53:18 18 MR. TENREIRO: I can tell you, Marty.

10:53:19 19 When people produce documents, they
10:53:21 20 produce the native, which doesn't have a Bates
10:53:23 21 stamp, and then they produce an image, which
10:53:26 22 superimposes a Bates stamp on it, so my guess is
10:53:29 23 Mark printed the native version.

10:53:32 24 You know, our emails don't have Bates
10:53:34 25 until so someone puts them on them. So ...

10:53:38 1 MR. FLUMENBAUM: Well ...

10:53:39 2 BY MR. SYLVESTER:

10:53:39 3 Q. Okay. Do you see Exhibit 87, Mr. Larsen?

10:53:43 4 A. I do.

10:53:44 5 Q. Okay. And this is an email exchange
10:53:47 6 between you and Mr. [REDACTED] on February 18th, 2017; is
10:53:50 7 that right?

10:53:51 8 A. Yes.

10:53:54 9 Q. Okay. Mr. [REDACTED], in the middle email,
10:53:55 10 writes, "Bot 6t (Ripple-works) is running at a rate
10:53:59 11 of 25K a week."

10:54:01 12 I take it "25K" is \$25,000; is that right?

10:54:06 13 A. I believe so.

10:54:06 14 Q. Okay. And then he writes:

10:54:08 15 "We would recommend pausing 6t
10:54:11 16 before reversing 4t, otherwise they
10:54:13 17 will likely cancel each other out.
10:54:16 18 Please advise."

10:54:17 19 Do you see that?

10:54:18 20 A. I do.

10:54:19 21 Q. 4t is your trading bot for your XRP sales?

10:54:23 22 A. That's right.

10:54:23 23 Q. Does this refresh your recollection that
10:54:25 24 6t is Rippleworks' trading bot?

10:54:28 25 A. I believe that's correct.

10:54:31 1 Q. Okay. Mr. [REDACTED] writes a recommendation to
10:54:36 2 pause 6t before reversing 4t, otherwise, the two
10:54:41 3 bots will cancel each other out.

10:54:44 4 Do you see that?

10:54:44 5 A. I do.

10:54:45 6 Q. Okay. Do you have an understanding of
10:54:46 7 what "cancel each other out" means in this context?

10:54:50 8 MR. FLUMENBAUM: Objection as to form.

10:54:56 9 THE WITNESS: I don't entirely understand
10:54:57 10 what -- the mechanics behind what he'd be looking at
10:55:04 11 there.

10:55:04 12 BY MR. SYLVESTER:

10:55:04 13 Q. At the time of this email, did you have an
10:55:06 14 understanding that Mr. [REDACTED] was concerned that buying
10:55:08 15 with one bot and selling with another bot would
10:55:10 16 cancel out the impact on XRP's price?

10:55:17 17 MR. FLUMENBAUM: Objection as to form.

10:55:17 18 THE WITNESS: I don't know if he's
10:55:19 19 referring to price. No reason to assume that.

10:55:23 20 BY MR. SYLVESTER:

10:55:23 21 Q. What else might he be referring to?

10:55:26 22 A. I don't know.

10:55:27 23 MR. FLUMENBAUM: Objection as to form.

10:55:28 24 THE WITNESS: Again, I don't know. That's
10:55:29 25 his expertise.

10:55:32 1 BY MR. SYLVESTER:

10:55:32 2 Q. Have you ever traded options in XRP?

10:55:36 3 A. Well, when you say, "traded," are you
10:55:43 4 including writing options?

10:55:46 5 Q. Yes.

10:55:47 6 A. I have written options, covered calls in
10:55:54 7 XRP.

10:55:57 8 Q. Why have you written covered calls in XRP?

10:56:03 9 MR. FLUMENBAUM: Objection as to form.

10:56:04 10 THE WITNESS: GSR and a number of other
10:56:08 11 sophisticated institutional cryptocurrency firms
10:56:16 12 began offering the ability to write covered calls,
10:56:20 13 earn a premium, the objective there being not
10:56:26 14 selling XRP but enjoying a premium by writing the
10:56:36 15 covered calls.

10:56:37 16 BY MR. SYLVESTER:

10:56:37 17 Q. Did you write covered calls through GSR?

10:56:39 18 A. Better way to, I think, say that is GSR
10:56:42 19 wrote covered calls and we provided the XRP for
10:56:46 20 that.

10:56:48 21 Q. Okay. Was there any entity other than GSR
10:56:50 22 that wrote covered calls for you for XRP?

10:56:53 23 MR. FLUMENBAUM: Objection as to form.

10:56:56 24 THE WITNESS: Not that I have used, but
10:56:58 25 there were other firms offering that service.

10:57:01 1 BY MR. SYLVESTER:

10:57:01 2 Q. Have there ever been any restrictions on
10:57:04 3 your ability to sell your own XRP?

10:57:08 4 MR. FLUMENBAUM: Objection as to form.

10:57:12 5 THE WITNESS: Could you be more specific
10:57:15 6 on that?

10:57:16 7 BY MR. SYLVESTER:

10:57:16 8 Q. Has any person or entity ever imposed a
10:57:20 9 restriction on you that restricted your ability to
10:57:24 10 sell your XRP?

10:57:25 11 A. You mean -- well, other than this dispute
10:57:33 12 we're having?

10:57:34 13 Q. Yes, aside from this.

10:57:36 14 A. Not to my knowledge, no.

10:57:39 15 Q. Go ahead.

10:57:40 16 A. One thing I do want to point out, if it's
10:57:43 17 okay, add to that question before --

10:57:45 18 Q. To add to your answer?

10:57:46 19 A. Yeah.

10:57:46 20 Q. Of course. Go ahead.

10:57:47 21 A. On the covered calls, important to know
10:57:49 22 that those were reported to the Chicago Mercantile
10:57:53 23 Exchange, you know, as commodity transactions.

10:57:59 24 Q. Okay.

10:58:04 25 So going back to restrictions on your

10:58:07 1 ability to sell XRP, Ripple has never imposed any
10:58:10 2 restrictions on your ability to sell XRP?

10:58:12 3 A. Not that I --

10:58:14 4 MR. FLUMENBAUM: Objection as to form.

10:58:14 5 BY MR. SYLVESTER:

10:58:14 6 Q. Could Ripple impose any restrictions on
10:58:16 7 your ability to sell XRP without your agreement?

10:58:19 8 MR. FLUMENBAUM: Objection as to form.

10:58:26 9 THE WITNESS: Are you asking whether or
10:58:27 10 not it's possible for the board of directors to pass
10:58:30 11 a resolution that would restrict -- is that what
10:58:35 12 you're asking?

10:58:36 13 BY MR. SYLVESTER:

10:58:36 14 Q. Without your support, yes.

10:58:39 15 MR. FLUMENBAUM: Objection as to form.

10:58:40 16 THE WITNESS: That board could certainly
10:58:41 17 pass something like that.

10:58:44 18 BY MR. SYLVESTER:

10:58:44 19 Q. Even if you voted against it?

10:58:49 20 A. Well, they could pass it, yeah. Sure.

10:58:51 21 Q. Okay. Have you ever -- setting aside
10:58:53 22 anything to do with the SEC, have you ever agreed to
10:58:57 23 any restrictions not to sell your XRP?

10:59:00 24 MR. FLUMENBAUM: Objection as to form.

10:59:04 25 THE WITNESS: Be more -- if you could be

10:59:06 1 more specific, please.

10:59:08 2 Are you asking whether or not I've ever
10:59:10 3 proposed restrictions?

10:59:12 4 BY MR. SYLVESTER:

10:59:12 5 Q. Let me ask -- what's the answer to that
10:59:17 6 question? Have you ever proposed restrictions on
10:59:19 7 your own ability to sell XRP?

10:59:22 8 MR. FLUMENBAUM: Objection as to form.

10:59:22 9 You may answer.

10:59:23 10 THE WITNESS: In the process of
10:59:25 11 negotiating with the other cofounder, Jed McCaleb,
10:59:30 12 we have talked from time to time to encourage a
10:59:36 13 settlement with him.

10:59:38 14 That was unsuccessful, however.

10:59:41 15 BY MR. SYLVESTER:

10:59:41 16 Q. Okay. So the result of those settlement
10:59:43 17 discussions was not that you agreed to any
10:59:45 18 restrictions on selling your XRP?

10:59:49 19 MR. FLUMENBAUM: Objection as to form.

10:59:50 20 THE WITNESS: That's correct. And the
10:59:52 21 final agreement that we concluded was not part of
10:59:55 22 that agreement.

10:59:57 23 BY MR. SYLVESTER:

10:59:57 24 Q. Okay. Did you ever agree not to sell XRP
11:00:01 25 when Ripple was buying XRP?

11:00:06 1 MR. FLUMENBAUM: Objection as to form.

11:00:09 2 THE WITNESS: I have no recollection of
11:00:10 3 that.

11:00:13 4 BY MR. SYLVESTER:

11:00:13 5 Q. Okay.

11:00:13 6 Do you have a general familiarity with
11:00:20 7 equity trading plans a CEO might have in a public
11:00:24 8 company?

11:00:25 9 MR. FLUMENBAUM: Objection as to form.

11:00:27 10 THE WITNESS: Could be more specific?

11:00:28 11 BY MR. SYLVESTER:

11:00:28 12 Q. Sure.

11:00:29 13 The CEO of a public company from time to
11:00:31 14 time has a trading plan as to that company's
11:00:34 15 securities?

11:00:37 16 A. Yes, I'm aware of that.

11:00:38 17 Q. Okay. Have you ever set up a trading plan
11:00:40 18 for your XRP?

11:00:42 19 MR. FLUMENBAUM: Objection as to form.

11:00:45 20 You may answer.

11:00:45 21 THE WITNESS: No.

11:00:46 22 BY MR. SYLVESTER:

11:00:46 23 Q. Have you ever considered setting up a
11:00:49 24 trading plan for your XRP?

11:00:52 25 MR. FLUMENBAUM: Objection as to form.

11:00:52 1 THE WITNESS: Could you be more specific?

11:00:53 2 BY MR. SYLVESTER:

11:00:53 3 Q. Have you thought about the proposal to set
11:00:59 4 up a trading plan and decided not to?

11:01:02 5 MR. FLUMENBAUM: Objection as to form.

11:01:08 6 THE WITNESS: As we talked about
11:01:09 7 previously, we have a programmatic selling
11:01:12 8 arrangement with GSR.

11:01:13 9 BY MR. SYLVESTER:

11:01:13 10 Q. I see.

11:01:17 11 Have you ever discussed with anyone at
11:01:18 12 Ripple any restrictions on your selling of XRP in
11:01:24 13 connection with any information you may acquire as a
11:01:28 14 result of your role at Ripple?

11:01:34 15 MR. FLUMENBAUM: Objection as to form.

11:01:36 16 THE WITNESS: What we have talked about as
11:01:38 17 being constructive, not having an impact on the
11:01:41 18 market.

11:01:50 19 BY MR. SYLVESTER:

11:01:50 20 Q. Okay. But you have not discussed with
11:01:52 21 anyone at Ripple restricting your trading on the
11:01:56 22 basis of any confidential information that Ripple
11:02:02 23 might have prior to its public disclosure?

11:02:04 24 MR. FLUMENBAUM: Objection as to form.

11:02:07 25 THE WITNESS: Are you talking about Ripple

11:02:08 1 stock?

11:02:09 2 BY MR. SYLVESTER:

11:02:09 3 Q. No. I mean trading in XRP?

11:02:12 4 MR. FLUMENBAUM: Objection as to form.

11:02:16 5 THE WITNESS: XRP has nothing to do with
11:02:20 6 Ripple, the company. If it comes to Ripple's stock,
11:02:25 7 we've -- we follow standard Silicon Valley best
11:02:30 8 practices.

11:02:30 9 BY MR. SYLVESTER:

11:02:30 10 Q. Sure.

11:02:32 11 Has Ripple ever had an employee policy
11:02:36 12 that prohibited employees from selling XRP during
11:02:42 13 periods where those employees had information that
11:02:49 14 might impact the price of XRP upon public
11:02:54 15 disclosure?

11:02:55 16 MR. FLUMENBAUM: Objection as to form.

11:02:58 17 THE WITNESS: I think the way you describe
11:03:00 18 that is not -- not accurate.

11:03:04 19 We have had and do have policies in place
11:03:08 20 to make sure that our employees are following best
11:03:13 21 practices.

11:03:14 22 That's important to maintain fairness
11:03:17 23 between employees, for one thing.

11:03:19 24 BY MR. SYLVESTER:

11:03:19 25 Q. What do those best practices entail when

11:03:22 1 it comes to employees selling their XRP?

11:03:26 2 MR. FLUMENBAUM: Objection as to form.

11:03:29 3 THE WITNESS: They have to let the company
11:03:30 4 know if they have -- or if they intend to sell a
11:03:33 5 certain amount -- certain amounts.

11:03:39 6 BY MR. SYLVESTER:

11:03:39 7 Q. Has Ripple ever had -- strike that.

11:03:43 8 Has Ripple ever had a policy prohibiting
11:03:46 9 employees from selling XRP when those employees were
11:03:50 10 in possession of material nonpublic information?

11:03:54 11 MR. FLUMENBAUM: Objection as to form.

11:03:58 12 THE WITNESS: I don't know what all the
11:04:02 13 details are, but we do believe that's a best
11:04:07 14 practices, and we do have a program in place.

11:04:11 15 BY MR. SYLVESTER:

11:04:11 16 Q. Have you ever restricted your sales of XRP
11:04:21 17 to persons who had a use for XRP?

11:04:24 18 MR. FLUMENBAUM: Objection as to form.

11:04:31 19 THE WITNESS: No. It's a -- it's a
11:04:34 20 currency, and it has all the attributes of a
11:04:36 21 currency.

11:04:38 22 BY MR. SYLVESTER:

11:04:38 23 Q. Have you ever restricted your sales of XRP
11:04:40 24 to persons who wish to use XRP as a medium of
11:04:44 25 exchange?

11:04:47 1 MR. FLUMENBAUM: Objection as to form.

11:04:48 2 THE WITNESS: No.

11:04:48 3 BY MR. SYLVESTER:

11:04:48 4 Q. Have you ever restricted your sales of XRP
11:04:51 5 to persons who wish to use XRP as a store value?

11:04:55 6 MR. FLUMENBAUM: Objection as to form.

11:04:56 7 THE WITNESS: No.

11:04:56 8 BY MR. SYLVESTER:

11:04:56 9 Q. Have you ever restricted your sales of XRP
11:04:59 10 to persons who wished to use XRP as a unit of
11:05:02 11 account?

11:05:03 12 A. No.

11:05:04 13 MR. FLUMENBAUM: Objection as to form.

11:05:05 14 THE WITNESS: No.

11:05:05 15 BY MR. SYLVESTER:

11:05:06 16 Q. Okay. Have you ever restricted your sales
11:05:07 17 of XRP to only persons who wish to use XRP for
11:05:12 18 cross-border payments?

11:05:13 19 MR. FLUMENBAUM: Objection as to form.

11:05:14 20 THE WITNESS: No.

11:05:14 21 BY MR. SYLVESTER:

11:05:15 22 Q. Okay.

11:05:23 23 Have you ever become aware that any
11:05:25 24 purchasers of your XRP were purchasing XRP for
11:05:27 25 investment purposes?

11:05:30 1 MR. FLUMENBAUM: Objection as to form.

11:05:31 2 THE WITNESS: Not to my recollection.

11:05:35 3 BY MR. SYLVESTER:

11:05:35 4 Q. Okay. Has any purchaser of your XRP ever
11:05:38 5 told you that they were purchasing for investment
11:05:41 6 purposes?

11:05:42 7 MR. FLUMENBAUM: Objection as to form.

11:05:43 8 THE WITNESS: Not to my recollection.

11:05:44 9 BY MR. SYLVESTER:

11:05:44 10 Q. We discussed earlier a few sales that you
11:05:48 11 made directly to a Japanese entity or individual, to
11:05:53 12 another foreign person.

11:05:53 13 Do you recall that discussion?

11:05:55 14 A. Yes.

11:05:56 15 Q. Do you have an understanding of why those
11:05:58 16 individuals and entities purchased XRP from you?

11:06:02 17 MR. FLUMENBAUM: Objection as to form.

11:06:03 18 You may answer it, if you --

11:06:04 19 THE WITNESS: My understanding is they
11:06:06 20 were big participants in the Bitcoin markets, and
11:06:14 21 XRP was one of the few other currencies that existed
11:06:22 22 at that time. So they started including that in
11:06:25 23 their holdings as well.

11:06:27 24 BY MR. SYLVESTER:

11:06:35 25 Q. The Japanese person or entity -- was it a

11:06:38 1 person or an entity?

11:06:39 2 MR. FLUMENBAUM: Objection as to form.

11:06:40 3 You may answer.

11:06:42 4 THE WITNESS: I believe you're referring
11:06:43 5 to Bitcoin Japan was an entity.

11:06:48 6 BY MR. SYLVESTER:

11:06:48 7 Q. Okay.

11:06:48 8 A. Although the Japanese company has several
11:06:51 9 different entity names and is, obviously, probably
11:06:55 10 more complicated than that.

11:06:57 11 Q. What kind of business is Bitcoin Japan, or
11:07:00 12 whatever the purchasing entity was for your XRP?

11:07:04 13 MR. FLUMENBAUM: Objection as to form.

11:07:06 14 THE WITNESS: I'm not sure of all of the
11:07:10 15 scope of their businesses, but the best of my
11:07:13 16 understanding is equivalent to an exchange or a
11:07:16 17 fund.

11:07:18 18 BY MR. SYLVESTER:

11:07:18 19 Q. Okay. How about the other -- the foreign
11:07:27 20 person? Was that -- that was an individual or an
11:07:30 21 entity?

11:07:31 22 A. Well, it's an entity, a closely controlled
11:07:36 23 entity.

11:07:37 24 Q. Okay. And what's the nature of that
11:07:39 25 entity's business?

11:07:41 1 A. Well, that individual has a number of
11:07:46 2 entities with lots of different business interests
11:07:50 3 and is a -- one of the earliest Bitcoin holders and
11:07:56 4 is a -- you know, a strong believer in
11:07:59 5 cryptocurrencies, as you're going to find out there.

11:08:02 6 Q. I'm sorry, what was the last sentence?

11:08:03 7 A. A very strong believer in
11:08:05 8 cryptocurrencies, holding them and being involved in
11:08:09 9 them.

11:08:12 10 Q. Holding them for what purpose?

11:08:14 11 MR. FLUMENBAUM: Objection as to form.

11:08:14 12 THE WITNESS: It's hard for me to
11:08:16 13 understand exactly what that might be about.

11:08:20 14 BY MR. SYLVESTER:

11:08:20 15 Q. Did you have an understanding that that
11:08:24 16 person was intending to use the XRP to purchase
11:08:27 17 goods or services?

11:08:29 18 MR. FLUMENBAUM: Objection as to form.

11:08:31 19 THE WITNESS: That's impossible for me to
11:08:33 20 know.

11:08:33 21 BY MR. SYLVESTER:

11:08:33 22 Q. Okay. So that individual might have been
11:08:37 23 holding XRP for investment purposes?

11:08:39 24 MR. FLUMENBAUM: Objection as to form.

11:08:40 25 Anything is possible, Mr. Sylvester.

11:08:41 1 You want to ask a question that can be
11:08:43 2 answered, please?

11:08:46 3 THE WITNESS: I have no way of knowing
11:08:47 4 that.

11:08:47 5 BY MR. SYLVESTER:

11:08:47 6 Q. Okay.

11:08:47 7 When you sold your XRP, did you ever --

11:09:08 8 A. Are you done with this one?

11:09:10 9 Q. Yes.

11:09:10 10 Strike that.

11:09:12 11 When you sold your XRP, did you ever place
11:09:14 12 any restrictions on the purchaser from immediately
11:09:18 13 reselling the XRP?

11:09:21 14 MR. FLUMENBAUM: Objection as to form.

11:09:23 15 THE WITNESS: Are you talking about me as
11:09:24 16 an individual or about the company?

11:09:27 17 BY MR. SYLVESTER:

11:09:27 18 Q. Just about your sales of your XRP.

11:09:29 19 A. Not that I can recollect.

11:09:32 20 Q. Okay. Again, just focusing on your sales
11:09:35 21 of your XRP, did you ever prohibit any purchaser
11:09:38 22 from reselling the XRP they bought from you to
11:09:41 23 persons in the United States?

11:09:42 24 MR. FLUMENBAUM: Asked and answered.

11:09:44 25 Objection as to form again.

11:09:45 1 You may answer it again.

11:09:47 2 THE WITNESS: Not that I can recall.

11:09:48 3 BY MR. SYLVESTER:

11:09:48 4 Q. Okay. Did you ever instruct anyone who
11:10:00 5 was executing your sales of XRP to restrict sales of
11:10:03 6 XRP to persons who had a use for XRP?

11:10:08 7 MR. FLUMENBAUM: Objection, asked and
11:10:08 8 answered. Objection as to form.

11:10:10 9 You may try to answer it again.

11:10:19 10 THE WITNESS: My assumption is that
11:10:24 11 everyone has a use for it. But, you know -- can you
11:10:30 12 ask your question again, please?

11:10:31 13 MR. SYLVESTER: Sure.

11:10:33 14 Kat, do you mind reading it back? Thank
11:10:36 15 you.

11:10:36 16 (Record read by the reporter
11:10:36 17 as follows:

11:10:52 18 QUESTION: Did you ever
11:10:52 19 instruct anyone who was executing
11:10:52 20 your sales of XRP to restrict
11:10:52 21 sales of XRP to persons who had a
11:10:52 22 use for XRP?)

11:10:53 23 THE WITNESS: No.

11:10:58 24 MR. SYLVESTER: Let's look at Exhibit 203,
11:11:00 25 please.

11:11:01 1 MR. FLUMENBAUM: Sorry, what exhibit?

11:11:04 2 MR. SYLVESTER: 203.

11:11:05 3 (Whereupon, Deposition Exhibit CL-203
11:11:06 4 was marked for identification.)

11:11:33 5 BY MR. SYLVESTER:

11:11:33 6 Q. Exhibit 203 is labeled, "Defendant
11:11:36 7 Christian A. Larsen's Responses and Objections to
11:11:40 8 the SEC's First Set of Interrogatories."

11:11:42 9 Do you see that, Mr. Larsen?

11:11:44 10 A. Yes.

11:11:44 11 Q. If you turn to the second --

11:11:47 12 A. I should probably read this first.

11:11:50 13 Q. Sure. That's fine.

11:11:51 14 I have a question -- I think it's actually
11:11:53 15 just the -- my question is going to be on page 8 of
11:11:57 16 the document.

11:19:38 17 A. Okay.

11:19:43 18 MR. FLUMENBAUM: It's the last page.

11:19:46 19 THE WITNESS: Okay.

11:19:46 20 BY MR. SYLVESTER:

11:19:47 21 Q. Mr. Larsen, page 10 of the document,
11:19:49 22 that's your signature?

11:19:50 23 A. Yeah. But let me just finish this. I'm
11:19:52 24 sorry.

11:19:53 25 Q. Oh, okay.

11:20:17 1 A. Okay.

11:20:20 2 Q. Mr. Larsen, this is an interrogatory
11:20:27 3 asking for the dates and countries for the periods
11:20:30 4 that you were outside the United States between
11:20:32 5 September 1st, 2015 and December 22nd, 2020; is
11:20:37 6 that right?

11:20:37 7 A. Yes.

11:20:38 8 Q. And on page 8, there's a chart that lists
11:20:41 9 dates and locations.

11:20:43 10 Do you see that?

11:20:44 11 A. I do.

11:20:45 12 Q. To the best of your knowledge, are these
11:20:46 13 the dates between September 1st, 2015 and
11:20:49 14 December 22nd, 2020, in which you were outside the
11:20:52 15 United States?

11:20:53 16 A. To the best of my knowledge, yes.

11:20:58 17 Q. Okay. If you gave a direction to GSR to
11:21:02 18 sell your XRP between September 2015 -- strike that.

11:21:09 19 If you gave a direction to GSR to sell
11:21:11 20 your XRP between September 1st, 2015 and
11:21:14 21 December 22nd, 2020, during a time period that's
11:21:18 22 not on that list, it's safe to assume you were in
11:21:21 23 the United States?

11:21:23 24 MR. FLUMENBAUM: Objection as to form.

11:21:27 25 THE WITNESS: Yes.

11:21:30 1 BY MR. SYLVESTER:

11:21:30 2 Q. Okay. Do you have a trading account with
11:21:33 3 Bitstamp?

11:21:35 4 A. I have an account with Bitstamp, yes.

11:21:38 5 Q. Have you used that account to sell XRP?

11:21:45 6 A. Very rarely over the last several years.

11:21:49 7 In the early years, yes.

11:21:52 8 Q. Okay. Did you open the account with
11:21:56 9 Bitstamp in the U.S.?

11:21:58 10 MR. FLUMENBAUM: Objection as to form.

11:21:59 11 THE WITNESS: I don't recall.

11:22:00 12 BY MR. SYLVESTER:

11:22:00 13 Q. Okay. Did you open your GSR accounts in
11:22:03 14 the U.S.?

11:22:04 15 MR. FLUMENBAUM: Objection as to form.

11:22:07 16 THE WITNESS: I'm not sure GSR has a
11:22:08 17 notion of accounts. There's an agreement with GSR.

11:22:14 18 BY MR. SYLVESTER:

11:22:14 19 Q. Okay. Did you finalize your agreement
11:22:16 20 with GSR while you were in the U.S.?

11:22:18 21 MR. FLUMENBAUM: Objection as to form.

11:22:19 22 THE WITNESS: I don't recall.

11:22:20 23 BY MR. SYLVESTER:

11:22:20 24 Q. Okay. Do you have an account with
11:22:23 25 Coinbase?

11:22:24 1 MR. FLUMENBAUM: Objection as to form.

11:22:24 2 Asked and answered.

11:22:26 3 THE WITNESS: I do.

11:22:26 4 BY MR. SYLVESTER:

11:22:26 5 Q. Did you open your Coinbase account in the
11:22:29 6 U.S.?

11:22:30 7 MR. FLUMENBAUM: Objection as to form.

11:22:30 8 THE WITNESS: Yes.

11:22:30 9 BY MR. SYLVESTER:

11:22:30 10 Q. Okay. You have an account with GateHub?

11:22:34 11 A. I do.

11:22:35 12 Q. Did you sell XRP through that account?

11:22:41 13 A. So GateHub, just to be clear, works a
11:22:45 14 little differently since they use the XRP Ledger.
11:22:48 15 They don't have the notion, I believe, of accounts.
11:22:52 16 They have the notion of addresses.

11:22:53 17 Q. I see.

11:22:53 18 So you have a GateHub address, then?

11:22:56 19 A. Correct.

11:22:57 20 Q. Okay. Did you sell any XRP in connection
11:22:59 21 with that GateHub address?

11:23:02 22 MR. FLUMENBAUM: Objection as to form.

11:23:02 23 THE WITNESS: In the early years, yes.

11:23:04 24 Yeah.

25 / /

11:23:05 1 BY MR. SYLVESTER:

11:23:05 2 Q. Okay. Did you open that GateHub address
11:23:08 3 in the U.S.?

11:23:10 4 A. I don't recall.

11:23:11 5 MR. FLUMENBAUM: Objection as to form.

11:23:11 6 BY MR. SYLVESTER:

11:23:12 7 Q. Okay. You testified you were one of the
11:23:20 8 founders of Ripple. Is that right?

11:23:22 9 MR. FLUMENBAUM: Objection as to form.

11:23:24 10 You may --

11:23:28 11 THE WITNESS: At the time of founding, it
11:23:31 12 was called "Opencoin," but yes.

11:23:34 13 BY MR. SYLVESTER:

11:23:34 14 Q. Why did you and the cofounders found
11:23:37 15 Opencoin?

11:23:38 16 A. So we can build applications that would
11:23:42 17 use blockchain technology.

11:23:50 18 Q. When you say, "applications," can you be
11:23:51 19 more specific about what that means generally?

11:23:53 20 MR. FLUMENBAUM: Objection as to form.

11:23:56 21 You may answer.

11:23:57 22 THE WITNESS: Depends on the time period.

11:23:59 23 BY MR. SYLVESTER:

11:23:59 24 Q. Does it depend on the time period because
11:24:08 25 the applications that Opencoin contemplated building

11:24:14 1 changed throughout the years?

11:24:16 2 MR. FLUMENBAUM: Objection as to form.

11:24:17 3 THE WITNESS: Yes.

11:24:20 4 BY MR. SYLVESTER:

11:24:20 5 Q. Okay. Does applications generally include
11:24:23 6 software applications?

11:24:25 7 MR. FLUMENBAUM: Objection as to form.

11:24:26 8 You may answer.

11:24:29 9 THE WITNESS: Most applications will
11:24:31 10 involve software.

11:24:33 11 BY MR. SYLVESTER:

11:24:33 12 Q. And you said Opencoin was founded to build
11:24:36 13 applications using blockchain technology.

11:24:39 14 Does that include the XRP Ledger?

11:24:43 15 MR. FLUMENBAUM: Objection as to form.

11:24:44 16 You may answer.

11:24:45 17 THE WITNESS: I'm sorry, can you repeat
11:24:46 18 the question?

11:24:47 19 BY MR. SYLVESTER:

11:24:47 20 Q. Sure.

11:24:48 21 You testified that Opencoin was founded to
11:24:52 22 build applications that use blockchain technology.

11:24:56 23 And my question is whether that blockchain
11:24:59 24 technology includes the XRP Ledger?

11:25:01 25 MR. FLUMENBAUM: Objection as to form.

11:25:02 1 THE WITNESS: Yes. The applications that
11:25:04 2 we built, some of them would utilize the open source
11:25:11 3 software, including the XRP Ledger.

11:25:17 4 BY MR. SYLVESTER:

11:25:17 5 Q. Okay.

11:25:17 6 Was there other blockchain technology
11:25:25 7 other than the XRP Ledger that Opencoin intended to
11:25:31 8 build applications on in the early years?

11:25:34 9 A. Yes.

11:25:35 10 MR. FLUMENBAUM: Objection as to form.
11:25:35 11 You may answer.

11:25:36 12 THE WITNESS: Yes.

11:25:36 13 BY MR. SYLVESTER:

11:25:37 14 Q. Okay. What's that?

11:25:37 15 MR. FLUMENBAUM: Objection as to form.
11:25:37 16 You may answer.

11:25:41 17 THE WITNESS: There are three broad
11:25:43 18 components, XRP Ledger, [REDACTED],
11:25:48 19 [REDACTED], a smart contacting program, in the early
11:25:53 20 years.

11:25:56 21 BY MR. SYLVESTER:

11:25:56 22 Q. When -- in the early years of Opencoin,
11:26:06 23 did it have a business model?

11:26:12 24 MR. FLUMENBAUM: Again, objection as to
11:26:13 25 form.

11:26:13 1 Can we be a little more precise on timing
11:26:17 2 here in these questions?

11:26:20 3 MR. SYLVESTER: Sure.

11:26:20 4 Q. In, say, in and around fall of 2012, did
11:26:25 5 Opencoin have a business model?

11:26:30 6 MR. FLUMENBAUM: Objection as to form.

11:26:31 7 THE WITNESS: So when you say "business
11:26:33 8 model," I think in terms of product market fit. And
11:26:38 9 product market fit is something that happens down
11:26:41 10 the road in most start-ups, including Opencoin,
11:26:45 11 Ripple.

11:26:46 12 And that's okay. In the early days, I
11:26:49 13 think you don't really have to have product market
11:26:53 14 fit for necessarily a business model.

11:26:56 15 BY MR. SYLVESTER:

11:26:56 16 Q. Okay. Can you explain to me what that
11:26:58 17 phrase means, "product market fit"?

11:27:00 18 A. Product market fit is when you found the
11:27:04 19 best application for a product or a service and you
11:27:10 20 have a good solution to that -- that problem.

11:27:17 21 Q. Okay. So at the start of Opencoin, it
11:27:21 22 wasn't yet clear what the best application was for
11:27:26 23 the XRP Ledger; is that right?

11:27:29 24 MR. FLUMENBAUM: Objection as to form.

11:27:29 25 You may answer.

11:27:32 1 THE WITNESS: Yeah. And that's very
11:27:33 2 typical of a tele start-up. You know, that's a big
11:27:36 3 opportunity. You don't know exactly where it's
11:27:39 4 going. Try a lot of things.

11:27:40 5 BY MR. SYLVESTER:

11:27:40 6 Q. So one of the goals of Opencoin in its
11:27:43 7 inception was to figure out what applications could
11:27:45 8 be built on the XRP Ledger that would ultimately
11:27:48 9 become marketable?

11:27:50 10 MR. FLUMENBAUM: Objection as to form.

11:27:52 11 I think the witness also had other
11:27:55 12 applications that he talked about.

11:27:59 13 MR. SYLVESTER: Sure.

11:27:59 14 Q. Among what you talked about.

11:28:02 15 MR. FLUMENBAUM: Objection as to form.

11:28:02 16 THE WITNESS: I'm sorry, could you repeat
11:28:03 17 the question?

11:28:06 18 BY MR. SYLVESTER:

11:28:06 19 Q. Sure.

11:28:06 20 One of the goals of Opencoin in its
11:28:09 21 inception was to figure out what applications could
11:28:12 22 be built on the XRP Ledger that would ultimately
11:28:15 23 become marketable.

11:28:17 24 MR. FLUMENBAUM: Objection as to form.

11:28:17 25 You may answer.

11:28:19 1 THE WITNESS: They have to -- to narrow a
11:28:22 2 definition, the real objective of an entity like
11:28:25 3 what became Ripple, Opencoin, is to be able to build
11:28:30 4 a team that can develop applications across a number
11:28:34 5 of different technologies.

11:28:57 6 BY MR. SYLVESTER:

11:28:57 7 Q. All right. At Opencoin's inception, did
11:29:00 8 it have any plan as to how it would raise capital to
11:29:03 9 fund its operations?

11:29:05 10 MR. FLUMENBAUM: Objection as to form.

11:29:07 11 THE WITNESS: Yes.

11:29:07 12 BY MR. SYLVESTER:

11:29:07 13 Q. What was that plan?

11:29:11 14 A. To raise traditional seed, and then
11:29:15 15 venture capital investments in exchange for stock in
11:29:20 16 the company.

11:29:24 17 Q. Other than the capital-raising tactic that
11:29:28 18 you just mentioned, did Opencoin have any other
11:29:33 19 plans with respect to raising capital for its
11:29:36 20 operations in the fall 2012 time frame?

11:29:39 21 MR. FLUMENBAUM: Objection as to form.

11:29:40 22 THE WITNESS: Can you repeat the question
11:29:40 23 again?

11:29:41 24 BY MR. SYLVESTER:

11:29:41 25 Q. Sure.

11:29:46 1 Other than the capital-raising tactics you
11:29:49 2 just mentioned, did Opencoin have any other plans
11:29:51 3 with respect to raising capital for its operations
11:29:53 4 in the fall 2012 time frame?

11:29:55 5 A. Yes.

11:29:57 6 Q. What were those other plans?

11:29:59 7 A. The two founders also put their own
11:30:03 8 capital directly into the corporation.

11:30:09 9 Q. Other than what we've just discussed, did
11:30:13 10 Opencoin have any other plans with respect to
11:30:15 11 raising capital to funding -- to fund its operations
11:30:19 12 in the fall of 2012?

11:30:21 13 A. No, that -- that covers it.

11:30:25 14 Q. Okay. In around fall of 2012, did --
11:30:34 15 might be easier to call it "Ripple."

11:30:36 16 If I just call it "Ripple" --

11:30:38 17 A. Sure.

11:30:39 18 Q. -- do you know that I will be including
11:30:41 19 Opencoin?

11:30:41 20 A. Sure.

11:30:42 21 Q. Okay.

11:30:42 22 In fall of 2012, did Ripple -- strike
11:30:45 23 that.

11:30:45 24 In fall of 2012, Ripple had 80 billion
11:30:48 25 XRP; is that right?

11:30:52 1 MR. FLUMENBAUM: Objection as to form.

11:30:54 2 THE WITNESS: Ripple was given 80 billion
11:30:59 3 XRP.

11:30:59 4 It's probably a slightly different number
11:31:02 5 than that because of the destruction of small
11:31:05 6 amounts of XRP that occurred.

11:31:10 7 BY MR. SYLVESTER:

11:31:10 8 Q. Okay. So Ripple was in possession of
11:31:13 9 approximately 80 billion XRP in fall of 2012; is
11:31:16 10 that fair?

11:31:18 11 MR. FLUMENBAUM: Objection as to form.

11:31:19 12 THE WITNESS: Yes.

11:31:21 13 BY MR. SYLVESTER:

11:31:21 14 Q. Okay. Did Ripple in fall of 2012 have a
11:31:24 15 plan of distribution of its XRP?

11:31:31 16 MR. FLUMENBAUM: Objection as to form.

11:31:32 17 THE WITNESS: There were initial ideas
11:31:33 18 about -- about that, yes.

11:31:34 19 BY MR. SYLVESTER:

11:31:34 20 Q. What were those initial ideas?

11:31:39 21 A. That we would roughly give away, I think,
11:31:44 22 in excess of 50 billion of that and keep about, if I
11:31:50 23 remember, roughly 25 billion.

11:31:54 24 Q. To whom did Ripple plan to give away the
11:31:57 25 50 billion XRP?

11:32:00 1 A. I don't recall the entire list, but giving
11:32:03 2 it away to basically users. That could include
11:32:15 3 companies, individuals, nonprofits, you know, a
11:32:19 4 broad list.

11:32:22 5 Q. When you say users, in that fall 2012 time
11:32:25 6 frame, what would -- what would those individuals or
11:32:30 7 companies have been using the XRP for?

11:32:33 8 MR. FLUMENBAUM: Objection as to form.

11:32:37 9 THE WITNESS: I'm sorry, can you repeat
11:32:38 10 the time frame you're talking about?

11:32:39 11 BY MR. SYLVESTER:

11:32:39 12 Q. Sure.

11:32:39 13 In the fall 2012 time frame, Ripple had a
11:32:42 14 plan to distribute XRP to users, you said, I think;
11:32:45 15 is that right?

11:32:47 16 A. Well, we had a rough idea.

11:32:49 17 Q. Okay. Fair enough.

11:32:50 18 What were the uses of XRP in fall 2012?

11:32:54 19 MR. FLUMENBAUM: Objection as to form.

11:32:58 20 THE WITNESS: In the fall of 2012, the
11:33:02 21 Ledger was, of course, complete, but it was still
11:33:06 22 going through a series of resets. So it wasn't
11:33:10 23 ready yet for wide distribution.

11:33:16 24 BY MR. SYLVESTER:

11:33:16 25 Q. Okay. When -- in the fall 2012 time

11:33:25 1 frame, when did Ripple plan to begin the
11:33:28 2 distribution of XRP?

11:33:31 3 MR. FLUMENBAUM: Objection as to form.

11:33:31 4 THE WITNESS: I don't recall the date that
11:33:32 5 we had a plan for.

11:33:38 6 BY MR. SYLVESTER:

11:33:38 7 Q. Are you familiar with the term "faucet" as
11:33:40 8 it applies to the distribution of Ripple's XRP?

11:33:44 9 A. Yes.

11:33:45 10 Q. What does the term "faucet" mean?

11:33:50 11 A. "Faucet" was a term that was used in the
11:33:52 12 Bitcoin system for giving away Bitcoin, for example,
11:33:57 13 or XRP, for example.

11:34:00 14 Q. So a reference to a faucet with respect to
11:34:03 15 XRP means giving away XRP?

11:34:07 16 A. Essentially.

11:34:19 17 MR. SYLVESTER: Let's look at Exhibit 13,
11:34:21 18 please.

11:34:25 19 (Whereupon, Deposition Exhibit CL-13
11:34:26 20 was marked for identification.)

11:34:26 21 BY MR. SYLVESTER:

11:34:58 22 Q. Exhibit 13 is an exchange of emails with
11:35:04 23 an attachment. The top email is from Mr. Larsen to
11:35:07 24 [REDACTED] dated October 8th, 2013.

11:35:24 25 A. Okay.

11:45:21 1 Q. Who is [REDACTED]?

11:45:26 2 A. [REDACTED] is a journalist, political
11:45:30 3 advisor, used to be an editor of a large newspaper.

11:45:34 4 Q. At some point in time, Mr. [REDACTED] was a
11:45:36 5 Ripple board member?

11:45:38 6 A. Years later from this, yeah.

11:45:40 7 Q. From approximately when to approximately
11:45:41 8 when was he a board member?

11:45:45 9 A. I don't recall the date he started, but
11:45:49 10 until 2020 is when he -- when I asked him to leave
11:45:54 11 the board.

11:45:54 12 Q. Did he become a Ripple board member during
11:45:56 13 the time you were CEO?

11:46:02 14 A. I don't recall. I don't recall.

11:46:05 15 Q. Was he an independent director?

11:46:07 16 A. Yes. He was an independent director, I
11:46:09 17 believe.

11:46:12 18 Q. At the time of this document, Exhibit 13,
11:46:14 19 it appears that Mr. [REDACTED] is contemplating
11:46:18 20 publishing the attachment; is that correct? The
11:46:24 21 attachment to the email?

11:46:25 22 A. It appears that, yes.

11:46:26 23 Q. And you provided comments to the
11:46:28 24 attachment; is that correct?

11:46:29 25 A. Correct.

11:46:29 1 Q. Okay.

11:46:36 2 Looking at page ending Bates -681, do you
11:46:45 3 see the paragraph that begins with the phrase "So
11:46:47 4 let's talk"?

11:46:49 5 A. Oh, -81.

11:46:51 6 I'm sorry, -681?

11:46:55 7 Q. Yes.

11:46:56 8 A. Yes, I see that.

11:46:57 9 Q. Okay. The gray text is your comment, I
11:47:02 10 take it?

11:47:04 11 A. I believe so.

11:47:04 12 Q. Okay. It says, "We use 'Ripple' for the
11:47:09 13 protocol, [lower-case] 'ripple' for the currency."
11:47:12 14 Do you see that?

11:47:13 15 A. I do.

11:47:14 16 Q. Is this lower-case ripple a reference to
11:47:16 17 XRP?

11:47:20 18 A. Yes, it is.

11:47:20 19 Q. Was XRP originally called "Ripple"?

11:47:27 20 A. Yes. It comes from the Ripple project,
11:47:31 21 which was folded into the protocol at -- during
11:47:35 22 the -- the project period.

11:47:38 23 Q. For how long was XRP called "Ripple"?

11:47:41 24 A. I don't recall.

11:47:44 25 Q. Okay. Does "XRP" stand for anything?

11:47:49 1 A. It stands for -- it's the nomenclature for
11:47:57 2 currencies, which usually have three positions.

11:48:00 3 So "JPY" is the country Japan. "Y" is
11:48:07 4 Yen. When it comes to cryptocurrencies, you have no
11:48:12 5 country, so it's "X," and then some designation of
11:48:17 6 the name of the currency.

11:48:20 7 Q. I see.

11:48:21 8 A. So Bitcoin sometimes is BTC but it's
11:48:25 9 actually XBT.

11:48:28 10 Q. Okay. And is the "R" in XRP "Ripple"?

11:48:31 11 A. "RP" stood for Ripple at the time.

11:48:38 12 Q. Okay. Let's look at page -680 -- Bates
11:48:44 13 ending -680, the first paragraph.

11:48:51 14 The second comment down in a parenthetical
11:48:55 15 says:

11:48:56 16 "Importantly Ripple Labs will
11:48:58 17 never sell to the public, we'll
11:49:00 18 give away to the public."

11:49:02 19 Do you see that?

11:49:03 20 A. I do.

11:49:03 21 Q. A little later, it says, "Over half will
11:49:05 22 be given away."

11:49:07 23 Do you see that?

11:49:07 24 A. Yes.

11:49:08 25 Q. Is that a referencing to the initial

11:49:10 1 Ripple plan to give away approximately 50 billion
11:49:13 2 XRP?

11:49:15 3 MR. FLUMENBAUM: Objection as to form.
11:49:16 4 You may answer.

11:49:18 5 THE WITNESS: That's my understanding,
11:49:19 6 yes.

11:49:21 7 BY MR. SYLVESTER:

11:49:21 8 Q. What was the purpose of that distribution
11:49:23 9 plan?

11:49:27 10 A. The same as the Bitcoin faucet, to
11:49:31 11 distribute to -- as widely as possible.

11:49:39 12 Q. What was the purpose of distributing XRP
11:49:41 13 as widely as possible?

11:49:42 14 A. Whether that would be a good thing for the
11:49:44 15 ecosystem and for developers, users, basically any
11:49:52 16 purpose.

11:49:57 17 Q. Did you expect that distribution of XRP to
11:50:00 18 the general population would allow XRP to begin to
11:50:04 19 trade and establish value?

11:50:07 20 MR. FLUMENBAUM: Objection as to form.

11:50:10 21 THE WITNESS: No. It's -- it's to create
11:50:12 22 an ecosystem, just like Bitcoin or Ethereum have
11:50:19 23 their method of giving to people. And that would be
11:50:27 24 good for utility, liquidity, which would be
11:50:34 25 important in any cryptocurrency ecosystem.

11:50:41 1 BY MR. SYLVESTER:

11:50:41 2 Q. Okay. The distribution of XRP, according
11:50:45 3 to the initial plan, to give away approximately
11:50:49 4 50 billion XRP, would be good for the utility of
11:50:52 5 XRP?

11:50:55 6 MR. FLUMENBAUM: Objection as to form.

11:50:56 7 You take pieces out of his sentence and
11:50:59 8 then ask him the same question again.

11:51:03 9 BY MR. SYLVESTER:

11:51:04 10 Q. You can answer.

11:51:05 11 A. We've always been focused on utility,
11:51:08 12 liquidity and trust. Those have always been the
11:51:13 13 focus.

11:51:16 14 Q. Liquidity of XRP?

11:51:18 15 MR. FLUMENBAUM: Objection as to form.

11:51:19 16 THE WITNESS: Yes.

11:51:19 17 BY MR. SYLVESTER:

11:51:19 18 Q. The "we" in that sentence is Ripple; is
11:51:24 19 that right?

11:51:26 20 MR. FLUMENBAUM: Objection as to form.

11:51:27 21 THE WITNESS: Yes.

11:51:27 22 BY MR. SYLVESTER:

11:51:27 23 Q. Okay.

11:51:27 24 Did Ripple ultimately give away 50 billion
11:51:39 25 XRP to the public?

11:51:41 1 A. No.

11:51:41 2 Q. Why not?

11:51:45 3 MR. FLUMENBAUM: Objection as to form.

11:51:47 4 You may answer.

11:51:48 5 THE WITNESS: What we found, and most of
11:51:50 6 the cryptocurrency ecosystems found, was giving away
11:51:56 7 opened you up to too much abuse and spamming, too
11:52:02 8 many fake accounts posing to be different
11:52:04 9 individuals would take advantage of the giveaways
11:52:08 10 once the currencies had value.

11:52:23 11 BY MR. SYLVESTER:

11:52:23 12 Q. Did you observe that -- that negative
11:52:25 13 outcome happen with respect to XRP?

11:52:27 14 A. Yes.

11:52:37 15 Q. And was that outcome the reason that
11:52:39 16 Ripple -- strike that.

11:52:49 17 Another portion of your comment is,
11:52:50 18 "Importantly Ripple Labs will never sell to the
11:52:52 19 public."

11:52:53 20 Do you see that?

11:52:53 21 A. Yes.

11:52:54 22 Q. Ripple ultimately did sell XRP to the
11:52:56 23 public, correct?

11:52:58 24 MR. FLUMENBAUM: Objection as to form.

11:52:58 25 THE WITNESS: No, that's not correct.

11:53:03 1 BY MR. SYLVESTER:

11:53:03 2 Q. To whom did Ripple sell its XRP?

11:53:07 3 A. To market makers and exchanges.

11:53:10 4 Q. Do you have an understanding if those
11:53:13 5 market makers and exchanges sold the XRP to members
11:53:15 6 of the public?

11:53:18 7 A. I don't know what they do with their
11:53:20 8 currency.

11:53:20 9 Q. Do you have an understanding that those
11:53:22 10 market makers and exchanges sold the XRP?

11:53:26 11 A. I don't.

11:53:27 12 It's up to them what they want to do with
11:53:29 13 it.

11:53:38 14 Q. So Ripple has sold over a billion XRP; is
11:53:41 15 that right?

11:53:42 16 MR. FLUMENBAUM: Objection as to form.

11:53:43 17 MR. SYLVESTER: Strike that.

11:53:43 18 Q. Ripple sold over a billion dollars of XRP;
11:53:47 19 is that right?

11:53:47 20 A. Over what period of time are you speaking?

11:53:49 21 Q. From 2013 to 2020.

11:53:54 22 A. I don't know the exact number. It's
11:53:56 23 possible.

11:53:57 24 Q. Okay. And -- and your testimony is that
11:54:02 25 you don't know whether or not any of that XRP landed

11:54:05 1 in the hands of the general public?

11:54:07 2 MR. FLUMENBAUM: Objection as to form.

11:54:09 3 THE WITNESS: Again, we don't -- it's not
11:54:11 4 possible for us to know what an entity is going to
11:54:15 5 be doing with their currency.

11:54:17 6 BY MR. SYLVESTER:

11:54:17 7 Q. Is it plausible that the market makers
11:54:19 8 kept it all, a billion dollars?

11:54:22 9 A. That's possible.

11:54:23 10 MR. FLUMENBAUM: Objection as to form.

11:54:24 11 BY MR. SYLVESTER:

11:54:24 12 Q. Do you know one way or the other?

11:54:26 13 A. No, I don't know.

11:54:34 14 Q. You also comment on the same page,
11:54:35 15 "Importantly, the company isn't the issuer, the
11:54:40 16 founders were the issuers."

11:54:40 17 Do you see that?

11:54:42 18 A. I do.

11:54:42 19 Q. Is that an issuance of XRP?

11:54:46 20 A. Yes.

11:54:46 21 Q. Why is it important that the company was
11:54:49 22 not the issuer?

11:54:51 23 A. Because being an issuer of prepaid access
11:54:55 24 is against the money transmission laws as regulated
11:54:58 25 by FinCEN and Treasury, which is the key regulator

11:55:01 1 in this industry and always has been the key
11:55:06 2 industry -- regulator of this industry.

11:55:08 3 Q. Okay. Any other reason?

11:55:14 4 A. No.

11:55:16 5 Again, being an issuer with prepaid access
11:55:19 6 is a big risk, especially in those early years.
11:55:25 7 Became less of a risk later, but it was a very big
11:55:29 8 risk at that time.

11:55:34 9 Q. The final paragraph on that page, Bates
11:55:36 10 ending with -680, that starts with "What's more," do
11:55:41 11 you see that?

11:55:42 12 A. Yes.

11:55:42 13 Q. Okay. The second sentence says:

11:55:43 14 "At least these guys have made
11:55:45 15 clear that there are 100 billion
11:55:47 16 ripples; there can never be another
11:55:50 17 one created, and they're holding
11:55:52 18 onto half" -- your comment inserts
11:55:54 19 25 percent -- "of them with the
11:55:55 20 hope that they increase in value."
11:55:58 21 Do you see that?

11:55:59 22 A. I do.

11:55:59 23 Q. Was that an accurate statement of Ripple's
11:56:01 24 hope at the time, that it hoped XRP would increase
11:56:04 25 in value?

11:56:07 1 A. Are you asking about the entire sentence
11:56:09 2 here?

11:56:10 3 Q. No. Just whether or not it's an accurate
11:56:13 4 statement that, at the time of this document, Ripple
11:56:16 5 hoped that XRP would increase in value?

11:56:18 6 A. It's -- it's accurate to talk about how
11:56:22 7 valuable a currency is to the world. Importantly,
11:56:26 8 that's different than price. But valuable to the
11:56:28 9 world is how much utility it has to the world, and
11:56:31 10 that's tied to how much liquidity exists, as well as
11:56:34 11 how much trust.

11:56:35 12 Q. Sure.

11:56:35 13 But XRP was also an asset that Ripple
11:56:39 14 held, correct?

11:56:40 15 A. Are you asking now about the earlier part
11:56:42 16 of the sentence?

11:56:43 17 Q. No. I'm just asking in general, XRP at
11:56:45 18 this time was an asset that Ripple held?

11:56:49 19 MR. FLUMENBAUM: Objection as to form.

11:56:50 20 You may answer.

11:56:51 21 THE WITNESS: Can you ask the whole --
11:56:53 22 again, I want to -- I want to be clear about if
11:56:57 23 you're asking about this portion of this statement.

11:56:59 24 Because there's some things that aren't
11:57:02 25 really clear in his sentence that weren't worth

11:57:06 1 correcting.

11:57:06 2 BY MR. SYLVESTER:

11:57:07 3 Q. Divorced from this document, in 2013, XRP
11:57:09 4 was an asset that Ripple held, correct?

11:57:12 5 MR. FLUMENBAUM: Objection as to form.

11:57:12 6 You may answer.

11:57:13 7 THE WITNESS: XRP was a currency,
11:57:15 8 currencies are assets, so currencies would be under
11:57:19 9 the classification of assets on a balance sheet.

11:57:23 10 BY MR. SYLVESTER:

11:57:23 11 Q. Okay. And did Ripple hope in 2013 that
11:57:25 12 the -- that XRP would increase in value?

11:57:29 13 MR. FLUMENBAUM: Objection as to form.

11:57:31 14 You may answer.

11:57:32 15 THE WITNESS: Yes. It's very -- we were
11:57:37 16 focused on a currency being valuable to the world,
11:57:41 17 and, again, very importantly, value different than
11:57:44 18 price.

11:57:44 19 Valuable is how useful something is in the
11:57:47 20 world. The more useful it is, the more valuable it
11:57:50 21 is in the world, and that's a good thing because
11:57:53 22 you're having impact on the world.

11:57:54 23 BY MR. SYLVESTER:

11:57:54 24 Q. Typically, the more valuable an asset is
11:57:58 25 to the world is reflected in its price; is it not?

11:58:01 1 A. No, that's not --

11:58:02 2 MR. FLUMENBAUM: Objection as to form.

11:58:03 3 You may answer.

11:58:04 4 THE WITNESS: Sorry.

11:58:04 5 That's not correct. In many instances,
11:58:07 6 the U.S. dollar is more valuable to the world when
11:58:11 7 its price vis-a-vis other assets or currencies is
11:58:15 8 lower.

11:58:16 9 So, again, focus on utility, liquidity and
11:58:20 10 trust is, in my opinion, very important.

11:58:32 11 BY MR. SYLVESTER:

11:58:32 12 Q. The final page of this document, Bates
11:58:39 13 ending -684.

11:58:45 14 A. Yes.

11:58:46 15 Q. Mr. [REDACTED] writes, "Meanwhile, I'm
11:58:49 16 stocking up on ripple while it's still less than a
11:58:51 17 penny a piece."

11:58:53 18 Do you see that?

11:58:53 19 A. I do.

11:58:54 20 Q. Do you take that to be a reference to
11:58:56 21 XRP's price?

11:58:58 22 MR. FLUMENBAUM: Objection as to form.

11:58:58 23 THE WITNESS: Yes.

11:58:59 24 BY MR. SYLVESTER:

11:58:59 25 Q. Do you have any comments on that sentence?

11:59:02 1 MR. FLUMENBAUM: Objection as to form.

11:59:04 2 Document speaks for itself.

11:59:07 3 THE WITNESS: I'm sorry, what's your
11:59:08 4 question exactly, please?

11:59:10 5 BY MR. SYLVESTER:

11:59:10 6 Q. Sure.

11:59:10 7 Did you provide any comments on that
11:59:12 8 concluding sentence?

11:59:16 9 MR. FLUMENBAUM: Objection as to form.

11:59:17 10 This is a document by Mr. [REDACTED], not by
11:59:23 11 Mr. --

11:59:23 12 MR. SYLVESTER: Larsen?

11:59:24 13 MR. FLUMENBAUM: -- Larsen, and he
11:59:27 14 corrected errors, as you've gone through, that
11:59:31 15 related to Ripple.

11:59:32 16 And so --

11:59:34 17 BY MR. SYLVESTER:

11:59:35 18 Q. The question is just whether or not you
11:59:36 19 provided comments as to that sentence?

11:59:38 20 A. I didn't because he wasn't looking for me
11:59:40 21 to rewrite his article. He was looking for me to
11:59:42 22 correct inaccuracies in his article.

11:59:46 23 MR. FLUMENBAUM: Are we done with this?

11:59:48 24 MR. SYLVESTER: We are.

11:59:49 25 MR. FLUMENBAUM: We've been going for

11:59:51 1 another two hours, so I think it's --

11:59:53 2 MR. SYLVESTER: Let me ask just one
11:59:54 3 follow-up question on that.

11:59:55 4 MR. FLUMENBAUM: I need to take a break,
11:59:56 5 so let's take a break right now, and then we'll --
12:00:00 6 we can take a short break --

12:00:03 7 MR. SYLVESTER: Fair enough.

12:00:03 8 MR. FLUMENBAUM: -- and we'll go for
12:00:05 9 another chunk afterwards.

12:00:06 10 MR. SYLVESTER: All right. Let's go off
12:00:07 11 the record.

12:00:07 12 MR. FLUMENBAUM: And then we'll have a
12:00:08 13 longer break for lunch, if that's okay with you
12:00:11 14 guys.

12:00:12 15 THE VIDEOGRAPHER: Okay. We're off the
12:00:14 16 record at 12:00 p.m.

12:15:51 17 (Whereupon, a recess was taken.)

12:16:26 18 THE VIDEOGRAPHER: This is the beginning
12:16:27 19 of File Number 3.

12:16:28 20 We're back on the record at 12:16 p.m.

12:16:31 21 BY MR. SYLVESTER:

12:16:33 22 Q. Okay. Mr. Larsen, in the fall of 2013,
12:16:37 23 was Ripple trying to develop uses for XRP?

12:16:48 24 A. XRP was -- had utility from the moment it
12:16:55 25 began. Ripple was trying to develop additional

12:17:00 1 applications that would have utility.

12:17:04 2 Q. What utility did XRP have at the moment it
12:17:07 3 began?

12:17:10 4 A. It had exactly the utility Bitcoin had,
12:17:14 5 Ethereum later had, around being a currency without
12:17:17 6 a counterparty, without a government.

12:17:20 7 Q. In the fall of 2013, was anyone using XRP
12:17:23 8 as a currency?

12:17:28 9 A. People were using XRP in the same way as
12:17:32 10 they were using Bitcoin, and later, Ethereum, as a
12:17:36 11 currency, as a medium of exchange, store value, unit
12:17:40 12 of account currency that, like fiat currencies, is
12:17:48 13 divisible, fungible, durable, only difference being
12:17:53 14 it has no issuer, no counterparty.

12:17:56 15 Q. In the fall of 2013, were you using XRP to
12:18:01 16 buy goods or services?

12:18:03 17 A. From time to time, I would buy -- I could
12:18:07 18 buy things with it.

12:18:10 19 Q. How much volume is there in XRP's use as a
12:18:15 20 currency in 2013?

12:18:17 21 A. I'm sorry, what was the question again?

12:18:18 22 Q. Sure.

12:18:18 23 How much volume was there in XRP's use as
12:18:21 24 a currency in 2013?

12:18:24 25 MR. FLUMENBAUM: Objection as to form.

12:18:26 1 THE WITNESS: 100 percent of the volume of
12:18:31 2 the XRP markets is as a currency.

12:18:35 3 BY MR. SYLVESTER:

12:18:35 4 Q. Sure.

12:18:36 5 What volume of XRP was being used in 2013
12:18:39 6 to purchase goods and services?

12:18:42 7 MR. FLUMENBAUM: Objection as to form.

12:18:45 8 You may answer, if you know.

12:18:46 9 THE WITNESS: I don't know. I have no way
12:18:48 10 of knowing that.

12:18:49 11 BY MR. SYLVESTER:

12:18:49 12 Q. Okay. You mentioned in fall 2013, Ripple
12:19:00 13 was trying to develop additional applications that
12:19:03 14 would have utility with respect to XRP. Is that
12:19:05 15 right?


12:19:08 16 MR. FLUMENBAUM: Objection as to form.

12:19:10 17 You may answer.

12:19:10 18 THE WITNESS: We're trying to develop
12:19:11 19 products that have product market fit.

12:19:13 20 BY MR. SYLVESTER:

12:19:13 21 Q. Those are products that would use XRP?

12:19:17 22 A. As I mentioned before, it could be
12:19:20 23 products that are using the technology of the XRP
12:19:25 24 Ledger, which may or may not involve XRP 'cause XRP
12:19:29 25 Ledger is also a decentralized exchange, or 

12:19:36 1 [REDACTED], or [REDACTED] for a time as well.

12:19:42 2 Q. Okay. Again, fall 2013 time frame, you
12:19:46 3 mentioned that XRP was being used for goods or
12:19:49 4 services, but you don't know the volume. Is that
12:19:51 5 right?

12:19:52 6 MR. FLUMENBAUM: Objection as to form.

12:19:53 7 THE WITNESS: Correct.

12:19:53 8 BY MR. SYLVESTER:

12:19:53 9 Q. What's the basis for your knowledge that
12:19:56 10 it was being used to purchase goods or services?

12:20:01 11 A. Oh, well, there were many stores that
12:20:04 12 allowed for the use of XRP to purchase things.

12:20:07 13 Q. I see.

12:20:11 14 But you're not sure if XRP was actually
12:20:13 15 used to purchase things; is that right?

12:20:15 16 A. No. I'm certain --

12:20:17 17 MR. FLUMENBAUM: Objection as to form.

12:20:18 18 You may answer.

12:20:19 19 THE WITNESS: I'm certain it was.

12:20:20 20 BY MR. SYLVESTER:

12:20:20 21 Q. Focusing just on XRP in the fall of 2013,
12:20:22 22 was Ripple making any efforts to create applications
12:20:26 23 that used XRP?

12:20:32 24 MR. FLUMENBAUM: Objection as to form.

12:20:33 25 Asked and answered.

12:20:33 1 Please answer it again.

12:20:35 2 THE WITNESS: In 2013, is that --

12:20:37 3 BY MR. SYLVESTER:

12:20:38 4 Q. Yes.

12:20:39 5 MR. FLUMENBAUM: Fall of 2013.

12:20:40 6 THE WITNESS: Yes.

12:20:40 7 I can't recall if that was focused on
12:20:46 8 cross-border payments or if it was focused on Ripple
12:20:49 9 Trade, for example, which is a product that we had
12:20:53 10 in the early years which was discontinued later.

12:20:57 11 BY MR. SYLVESTER:

12:20:57 12 Q. Fair to say, Ripple's had various ideas
12:21:01 13 over the years of market applications --
12:21:03 14 sorry -- strike that.

12:21:05 15 Is it fair to say that over the years,
12:21:06 16 Ripple has had many ideas with respect to what
12:21:09 17 products it might develop that would use XRP?

12:21:14 18 MR. FLUMENBAUM: Objection as to form.

12:21:16 19 THE WITNESS: Well, again, not limited
12:21:18 20 just to XRP but certainly, as a start-up company, we
12:21:21 21 have tried many products in getting to our eventual
12:21:26 22 product market fit.

12:21:27 23 BY MR. SYLVESTER:

12:21:27 24 Q. What does it take to develop those
12:21:30 25 products?

12:21:33 1 A. Generally, products in the fintech arena
12:21:36 2 take domain expertise in technology, compliance and
12:21:41 3 capital markets.

12:21:44 4 Q. When you say, "domain expertise," how does
12:21:48 5 Ripple acquire that expertise?

12:21:50 6 A. Well, generally, by hiring team members,
12:21:54 7 using outside consultants and outside partners,
12:22:01 8 generally.

12:22:03 9 Q. When evaluating whether to pursue an idea
12:22:09 10 for an application that would involve the use of
12:22:12 11 XRP, did Ripple ever come up with a budget of how
12:22:18 12 much it would cost to develop that application?

12:22:23 13 MR. FLUMENBAUM: Objection as to form.

12:22:23 14 THE WITNESS: The company certainly had
12:22:26 15 team members that were responsible for financial
12:22:30 16 planning and accounting whose job it would be to do
12:22:35 17 that.

12:22:37 18 BY MR. SYLVESTER:

12:22:37 19 Q. Okay. And is there a range of dollar
12:22:41 20 amounts that it might cost to build a particular
12:22:45 21 application that used XRP?

12:22:51 22 A. Well, I mean, that would greatly depend on
12:22:55 23 the complexity of the application that one was
12:22:58 24 planning.

12:22:59 25 Q. Sure.

12:22:59 1 Say the simplest idea that occurred to any
12:23:02 2 of the folks who worked at Ripple in the early
12:23:06 3 years, what's the ballpark of how much it would cost
12:23:09 4 from the idea stage to the
12:23:10 5 putting-the-application-on-the-market stage?

12:23:15 6 MR. FLUMENBAUM: Objection as to form.

12:23:16 7 THE WITNESS: Yeah. I think that's a very
12:23:19 8 wide range. It could involve open source components
12:23:22 9 that don't cost anything. It could involve
12:23:24 10 extremely complex technologies that would take a lot
12:23:28 11 of resources to produce.

12:23:30 12 BY MR. SYLVESTER:

12:23:30 13 Q. Okay. Is it fair to say that some of the
12:23:32 14 ideas were more expensive than others?

12:23:34 15 MR. FLUMENBAUM: Objection as to form.

12:23:35 16 THE WITNESS: Yes.

12:23:36 17 MR. FLUMENBAUM: You can answer.

12:23:37 18 BY MR. SYLVESTER:

12:23:37 19 Q. Sort of what's the outer bounds of the
12:23:39 20 most expensive idea that Ripple had in those early
12:23:42 21 years?

12:23:42 22 MR. FLUMENBAUM: Objection as to form.

12:23:44 23 You want to define "early years"?

12:23:46 24 BY MR. SYLVESTER:

12:23:47 25 Q. Sure.

12:23:47 1 Say the 2013 time frame.

12:23:48 2 A. The outer bounds of expenses? I don't
12:23:51 3 know how to answer that question. Software products
12:23:56 4 can be extremely expensive.

12:23:57 5 Q. In the millions?

12:23:59 6 A. Generally, in the tens of millions.

12:24:03 7 MR. FLUMENBAUM: Objection as to form.

12:24:03 8 THE WITNESS: Possible.

12:24:03 9 BY MR. SYLVESTER:

12:24:03 10 Q. In the hundreds of millions?

12:24:07 11 MR. FLUMENBAUM: Objection as to form.

12:24:08 12 THE WITNESS: Are you asking about general
12:24:09 13 software development programs?

12:24:11 14 BY MR. SYLVESTER:

12:24:11 15 Q. Anything that Ripple was contemplating in
12:24:14 16 the 2013 time frame with respect to developing uses
12:24:17 17 for XRP.

12:24:17 18 A. Specifically to 2013? No. I don't think
12:24:20 19 we'd be that high.

12:24:22 20 Q. Okay. Did there come a time in later
12:24:24 21 years in Ripple's history that it contemplated
12:24:29 22 creating an application using XRP that would have
12:24:31 23 been in the hundreds of millions of dollars to
12:24:33 24 develop and bring to market?

12:24:34 25 MR. FLUMENBAUM: Objection as to form.

12:24:35 1 THE WITNESS: I don't think hundreds of
12:24:36 2 millions.

12:24:36 3 BY MR. SYLVESTER:

12:24:36 4 Q. Tens of millions?

12:24:38 5 MR. FLUMENBAUM: Objection as to form.

12:24:39 6 THE WITNESS: Possible.

12:24:40 7 BY MR. SYLVESTER:

12:24:40 8 Q. At least millions?

12:24:42 9 MR. FLUMENBAUM: Objection as to form.

12:24:46 10 THE WITNESS: Possible.

12:24:46 11 BY MR. SYLVESTER:

12:24:48 12 Q. When Ripple was engaging in giveaways of
12:24:53 13 XRP, did it have an understanding of what the
12:24:57 14 recipients of the XRP would do with it?

12:25:03 15 MR. FLUMENBAUM: Objection as to form.

12:25:04 16 THE WITNESS: Sorry, could you repeat the
12:25:05 17 question, please.

12:25:06 18 MR. SYLVESTER: Kat, can you read it back?

12:25:07 19 Thank you.

12:25:07 20 (Record read by the reporter
12:25:07 21 as follows:

12:25:23 22 QUESTION: When Ripple was
12:25:23 23 engaging in giveaways of XRP, did
12:25:23 24 it have an understanding of what
12:25:23 25 the recipients of the XRP would do

12:25:23 1 with it?)

12:25:25 2 MR. FLUMENBAUM: Objection as to form.

12:25:32 3 THE WITNESS: Well, you would hope that it
12:25:33 4 would be a positive for building the ecosystem, but
12:25:39 5 other than that, it was a pretty broad idea, just
12:25:42 6 like Bitcoin's faucet or the Ethereum process of
12:25:46 7 distribution.

12:25:48 8 BY MR. SYLVESTER:

12:25:48 9 Q. Did Ripple take any steps to determine
12:25:50 10 what recipients of XRP that it gave away for free
12:25:55 11 did with the XRP?

12:25:57 12 MR. FLUMENBAUM: Objection as to form.

12:25:58 13 THE WITNESS: Most of the efforts would be
12:26:00 14 around making sure that those were not scams or
12:26:07 15 false identities or duplicative recipients of
12:26:14 16 giveaways.

12:26:15 17 BY MR. SYLVESTER:

12:26:15 18 Q. Other than those efforts, can you think of
12:26:18 19 any other efforts Ripple made in order to determine
12:26:20 20 what recipients of free XRP did with their XRP?

12:26:27 21 MR. FLUMENBAUM: Objection as to form.

12:26:31 22 THE WITNESS: I believe that there was
12:26:33 23 bounty bug campaigns as well, so those folks would
12:26:39 24 have to have caught errors in software, for example.

25 / /

12:26:44 1 BY MR. SYLVESTER:

12:26:44 2 Q. Okay. Other than what we've just
12:26:46 3 discussed, were there any other steps that Ripple
12:26:48 4 took to determine what recipients of its free XRP
12:26:52 5 did with the XRP?

12:26:54 6 MR. FLUMENBAUM: Objection as to form.

12:26:55 7 THE WITNESS: Not that I can recollect.

12:27:00 8 MR. SYLVESTER: Okay. Let's take a look
12:27:10 9 at Exhibit 7, please.

12:27:14 10 (Whereupon, Deposition Exhibit CL-7
12:27:19 11 was marked for identification.)

12:27:40 12 MR. SYLVESTER: Exhibit 7 is an email with
12:27:41 13 an attachment. It's from [REDACTED]@gmail.com to
12:27:45 14 [REDACTED]@ripple.com, dated January 9th, 2013.

12:42:21 15 Q. Mr. Larsen, I don't want to cut short your
12:42:24 16 reading for context, but just to let you know, I
12:42:26 17 want to ask questions on page -167, -175, and -180.

12:42:35 18 A. Okay. I'll let you know when I'm done.

12:45:15 19 Can you repeat those pages that you were
12:45:17 20 interested in, please?

12:45:20 21 Q. Sure. Let's start with -167.

12:45:22 22 A. Okay, I'm still reading, but I want -- was
12:45:25 23 that the first one?

12:45:27 24 Q. Yeah. That's the first one.

12:45:29 25 A. -167?

12:45:31 1 Q. That's right, ending -167.

12:45:33 2 A. Okay.

12:45:38 3 What was the other one?

12:45:41 4 Q. -175.

12:45:43 5 A. Okay.

12:45:45 6 Q. And -180?

12:45:52 7 A. Those three?

12:45:53 8 Q. Yeah.

12:45:54 9 A. Thank you.

12:45:55 10 THE WITNESS: Should I finish this whole
12:54:52 11 thing?

12:54:53 12 MR. FLUMENBAUM: Well, have you gone
12:54:54 13 through the pages that he wants to ask you on?

12:54:57 14 THE WITNESS: Yeah. But it looks like
12:54:58 15 there's -- this is partially a template and then
12:55:02 16 there's partially words interspersed. So I'm a
12:55:05 17 little uncomfortable not going through the whole
12:55:07 18 thing.

12:55:08 19 BY MR. SYLVESTER:

12:55:09 20 Q. Right.

12:55:09 21 I mean, I just want to ask you about the
12:55:13 22 portions that appear to be drafted by you.

12:55:14 23 I'll ask you: Did you draft them?

12:55:17 24 A. Yeah. But -- well ...

12:55:19 25 MR. FLUMENBAUM: Well, finish up.

12:55:21 1 THE WITNESS: I think I need to finish it,
12:55:22 2 because it looks like it goes back and forth between
12:55:26 3 template and --

12:55:27 4 MR. SYLVESTER: Just for the record, we've
12:55:28 5 been paused for at least ten minutes.

12:55:31 6 THE WITNESS: Okay.

12:55:31 7 MR. FLUMENBAUM: Well, you did give him a
12:55:33 8 40-page document from January of 2013, which is --
12:55:38 9 which is, as Mr. Larsen said, not something --
12:55:42 10 something that's a template, something that was
12:55:44 11 written by somebody. You're assuming it's
12:55:48 12 Mr. Larsen.

12:55:49 13 MR. SYLVESTER: I'm going to ask him --

12:55:50 14 MR. FLUMENBAUM: Well --

12:55:51 15 MR. SYLVESTER: -- at some point.

12:55:52 16 THE WITNESS: Okay. Well, you tell me.

12:55:54 17 MR. FLUMENBAUM: Look, you know, if you
12:55:56 18 have to read more to answer any of his questions,
12:55:59 19 we'll do that, but go ahead.

12:56:02 20 BY MR. SYLVESTER:

12:56:03 21 Q. Great.

12:56:03 22 So, Mr. Larsen, Exhibit 7 is an attachment
12:56:06 23 to an email you appeared to have sent yourself; is
12:56:09 24 that correct?

12:56:11 25 A. Yeah. It appears that way.

12:56:13 1 Q. Okay. On the first page of the -- well,
12:56:16 2 let's use Bates numbers.

12:56:19 3 On page ending Bates -165.

12:56:29 4 A. -165.

12:56:30 5 Okay. Yeah.

12:56:32 6 Q. Okay. Do you see it says, "Business Plan,
12:56:35 7 OpenCoin"?

12:56:36 8 A. Yes.

12:56:36 9 Q. Do you see at the bottom of the page, it
12:56:38 10 has your name, Mr. McCaleb's name and your email
12:56:42 11 address?

12:56:43 12 A. Yes.

12:56:43 13 Q. Whose phone number is that?

12:56:45 14 A. That's my cell phone.

12:56:46 15 Q. Okay. You mentioned that this document
12:56:50 16 is, in part, a template, and in part, appears to be
12:56:53 17 specific to Opencoin; is that fair?

12:56:59 18 A. It looks like it's the uncompleted draft
12:57:05 19 having to do with Opencoin.

12:57:07 20 Q. Okay. Let's start on page 167, "Executive
12:57:11 21 Summary."

12:57:15 22 Do you see that?

12:57:16 23 A. I do.

12:57:17 24 Q. Okay. Do you see the first sentence
12:57:19 25 refers to Ripple; is that right?

12:57:20 1 A. Yes.

12:57:20 2 Q. Okay. It appears to me that this -- at
12:57:28 3 least the first three paragraphs of this page
12:57:31 4 pertain to Ripple and are not a template; is that
12:57:35 5 right?

12:57:36 6 A. When you say, "Ripple," are you talking
12:57:37 7 about the decentralized ledger or are you talking
12:57:43 8 about the company as it was renamed later?

12:57:50 9 Q. I was talking about the company.

12:57:52 10 MR. FLUMENBAUM: Objection as to form.
12:57:54 11 You may answer.

12:57:54 12 THE WITNESS: Yeah, again, keep in mind
12:57:55 13 that this is a business plan of a company named
12:57:58 14 Opencoin, the name of the company before it was
12:58:01 15 changed to Ripple. And if they're talking about
12:58:03 16 Ripple in that context, then I would assume Ripple
12:58:08 17 refers to the open source distributed technology.
12:58:13 18 BY MR. SYLVESTER:

12:58:13 19 Q. Okay. The third paragraph on this page
12:58:16 20 starts, "The new currency provides."
12:58:19 21 Do you see this?

12:58:20 22 A. Yes.

12:58:20 23 Q. The whole sentence says, "The new currency
12:58:23 24 provides the business model for this company."

12:58:25 25 Is the new currency XRP?

12:58:29 1 A. Yes. But I think at that time, it was
12:58:31 2 referred to as small ripple, small letter ripple.

12:58:39 3 Q. I see. Okay.

12:58:41 4 And just to start -- strike that.

12:58:46 5 Who drafted that sentence, "The new
12:58:48 6 currency provides the business model for this
12:58:50 7 company"?

12:58:51 8 A. I don't know.

12:58:51 9 Again, this is a, obviously,
12:58:56 10 never-completed draft that looks like it was
12:58:58 11 abandoned and never used.

12:59:01 12 Q. I see.

12:59:02 13 Could it be anyone other than you or
12:59:04 14 Mr. McCaleb?

12:59:05 15 A. It's possible. It could have been other
12:59:07 16 people that were on the team.

12:59:13 17 Q. Okay. Is the statement "The new currency
12:59:16 18 provides the business model for the company"
12:59:17 19 accurate?

12:59:21 20 MR. FLUMENBAUM: Objection as to form.

12:59:22 21 Accurate as to what?

12:59:25 22 THE WITNESS: Accurate as to when as well.

12:59:28 23 BY MR. SYLVESTER:

12:59:28 24 Q. Let's situate ourselves in time. In
12:59:32 25 January of 2013.

12:59:33 1 This document says, "The new currency
12:59:35 2 provides the business model for this company."

12:59:39 3 Do you see that?

12:59:40 4 A. I do.

12:59:40 5 Q. So at this time, January 2013, did XRP
12:59:43 6 provide the business model for Opencoin?

12:59:46 7 A. I think your dates are wrong here. I
12:59:48 8 mean, this looks like I am sending this to myself
12:59:51 9 from a -- from a document that might have existed on
12:59:54 10 a computer for a long time.

12:59:57 11 So I don't know when this was written,
12:59:59 12 when this incomplete draft was completed, when this
01:00:02 13 statement was completed. So it's hard for me to
01:00:06 14 comment on an uncompleted document.

01:00:08 15 Q. Let's divorce ourselves from the document.

01:00:10 16 Has XRP ever provided the business model
01:00:12 17 for Ripple?

01:00:14 18 A. I think we've stated in other investor
01:00:17 19 presentations that we would use XRP for operations.

01:00:25 20 Q. When you say that Ripple would use XRP for
01:00:29 21 operations, what does that mean?

01:00:31 22 A. That we would -- in some early
01:00:37 23 presentations to investors in Ripple, the company,
01:00:40 24 the currency that we owned could be used to pay for
01:00:45 25 operations, we have said that, in addition to

01:00:50 1 opportunities for software revenue, for example.

01:00:54 2 Q. I see. So sales of XRP could be used to
01:00:56 3 pay for operations?

01:00:58 4 A. That we could use the currency that was on
01:01:01 5 our -- that we owned for operations, yes.

01:01:05 6 Q. Okay. And just to make sure that we're
01:01:07 7 both talking about the same thing, the currency that
01:01:11 8 Ripple owned is XRP?

01:01:14 9 A. Correct.

01:01:31 10 Q. And why did you need -- sorry -- strike
01:01:33 11 that.

01:01:33 12 Why did Ripple need to convert the XRP to
01:01:40 13 US dollars in sales in order to fund its operations?

01:01:45 14 MR. FLUMENBAUM: Objection as to form.

01:01:49 15 What are you talking about in terms of
01:01:51 16 timing?

01:01:52 17 BY MR. SYLVESTER:

01:01:53 18 Q. Well, you said -- so, Mr. Larsen said, I
01:01:55 19 think, that part of Ripple's plan was to sell XRP to
01:02:03 20 fund operations. Is that fair?

01:02:09 21 A. In the early days of the company, we had
01:02:15 22 presented to investors in the company that we could
01:02:19 23 use the currency that we owned for operations. We
01:02:27 24 didn't have to, but we could.

01:02:30 25 Q. Right.

01:02:30 1 And in order to use XRP to pay for
01:02:35 2 operations, did Ripple sell XRP?

01:02:40 3 MR. FLUMENBAUM: Objection as to form.

01:02:43 4 THE WITNESS: So we could certainly use
01:02:46 5 the currency to pay for operations, to the extent
01:02:51 6 that that would be accepted, which it was from time
01:02:54 7 to time.

01:02:56 8 Of course, we have to pay taxes on that,
01:02:58 9 so converting it into the currency that the
01:03:03 10 organization pays taxes in is always going to be a
01:03:06 11 more efficient process.

01:03:12 12 BY MR. SYLVESTER:

01:03:12 13 Q. Okay. You said Ripple paid -- used XRP to
01:03:17 14 pay for its operations from time to time?

01:03:20 15 A. We could.

01:03:21 16 Q. Did it?

01:03:23 17 A. From time to time, yes.

01:03:26 18 Q. Okay. Did Ripple also use U.S. dollars to
01:03:29 19 pay for its operations?

01:03:33 20 A. Are you asking U.S. dollars tied to the
01:03:35 21 sales of XRP?

01:03:37 22 Q. No. Just U.S. dollars generally.

01:03:42 23 A. Well, you know, the functional currency of
01:03:46 24 the country we operate in is U.S. dollars, right,
01:03:49 25 so ...

01:03:50 1 Q. Sure.

01:03:50 2 But, you know, my question is, did you --
01:03:53 3 Ripple had certain expenses as a business, correct?

01:03:56 4 A. Yes.

01:03:56 5 Q. Had to pay employees?

01:03:58 6 A. Correct.

01:03:58 7 Q. Had to lease a building?

01:04:01 8 A. Yes.

01:04:02 9 Q. Okay. So did Ripple pay for any of its
01:04:07 10 business expenses using XRP, transferring XRP to pay
01:04:12 11 for those expenses?

01:04:13 12 A. Yes.

01:04:15 13 Q. Okay. Did Ripple also pay for some of its
01:04:18 14 expenses using U.S. dollars?

01:04:20 15 A. Yes.

01:04:22 16 Q. Okay. What percentage of Ripple's
01:04:25 17 expenses were paid for using XRP versus U.S.
01:04:28 18 dollars?

01:04:29 19 A. I don't have that exact number.

01:04:31 20 Q. Was it less than 5 percent?

01:04:36 21 MR. FLUMENBAUM: Objection as to form.

01:04:36 22 THE WITNESS: What period are you talking
01:04:37 23 about?

01:04:38 24 BY MR. SYLVESTER:

01:04:38 25 Q. Let's start with 2013.

01:04:44 1 A. No. That -- 2013, it must be much more
01:04:48 2 than that. I don't have those numbers handy. But,
01:04:54 3 obviously, we raised venture capital money, seed
01:04:57 4 money, for the company.

01:05:00 5 Q. Okay. What Ripple operations were paid
01:05:06 6 for with XRP?

01:05:10 7 MR. FLUMENBAUM: Objection as to form.

01:05:14 8 THE WITNESS: After it was clear that you
01:05:17 9 could start paying employees with cryptocurrency, as
01:05:23 10 was -- eventually became fairly common in the
01:05:28 11 industry and was not going to get on the wrong side
01:05:31 12 of, you know, employee protection laws, many
01:05:39 13 employees and consultants would accept
01:05:41 14 cryptocurrencies for payment.

01:05:42 15 BY MR. SYLVESTER:

01:05:42 16 Q. Did Ripple also pay employees using U.S.
01:05:45 17 dollars?

01:05:46 18 A. Yes.

01:05:47 19 Q. What percentage of total salaries paid was
01:05:51 20 XRP versus U.S. dollars?

01:05:56 21 MR. FLUMENBAUM: Objection as to form.

01:05:56 22 THE WITNESS: Yeah. What period? 2013
01:05:59 23 again?

01:06:00 24 BY MR. SYLVESTER:

01:06:00 25 Q. Sure.

01:06:00 1 A. I don't -- I don't have that number with
01:06:02 2 me.

01:06:04 3 Q. Do you have an understanding of -- for the
01:06:06 4 period of time that you were CEO, what percentage of
01:06:10 5 employees' salaries were paid in XRP versus U.S.
01:06:12 6 dollars?

01:06:14 7 A. I don't have that number handy.

01:06:18 8 Q. Okay. Are there other business expenses
01:06:23 9 that Ripple paid for using XRP, other than employee
01:06:29 10 salaries?

01:06:29 11 A. I believe so.

01:06:30 12 Q. What are those?

01:06:33 13 A. I believe there were some ISPs that
01:06:37 14 accepted payment in XRP that we could utilize.
01:06:41 15 There was some law firms, for example, consulting
01:06:45 16 firms. Yeah. It would vary.

01:06:49 17 Q. How much XRP in total has Ripple spent
01:06:53 18 paying ISPs over the years?

01:06:55 19 MR. FLUMENBAUM: Objection as to form.

01:06:57 20 THE WITNESS: I don't have that number.

01:06:59 21 BY MR. SYLVESTER:

01:06:59 22 Q. Do -- have all of Ripple's ISPs accepted
01:07:07 23 XRP as payment over the years?

01:07:09 24 MR. FLUMENBAUM: Objection as to form.

01:07:10 25 THE WITNESS: Are you asking are -- do all

01:07:12 1 ISP vendors accept XRP?

01:07:15 2 BY MR. SYLVESTER:

01:07:15 3 Q. That Ripple used.

01:07:18 4 MR. FLUMENBAUM: Objection as to form.

01:07:18 5 THE WITNESS: To the best of my
01:07:23 6 recollection, no.

01:07:23 7 BY MR. SYLVESTER:

01:07:23 8 Q. Does Ripple typically pay its ISPs in XRP?

01:07:28 9 MR. FLUMENBAUM: Objection as to form.

01:07:29 10 THE WITNESS: In the early days, that was
01:07:36 11 a very common practice.

01:07:39 12 BY MR. SYLVESTER:

01:07:39 13 Q. Did there come a time when it was no
01:07:42 14 longer the common practice?

01:07:46 15 MR. FLUMENBAUM: Objection as to form.

01:07:47 16 THE WITNESS: Well, we were a smaller
01:07:48 17 company back then, so ...

01:07:51 18 BY MR. SYLVESTER:

01:07:51 19 Q. Does Ripple pay its ISPs in U.S. dollars
01:07:57 20 now?

01:07:58 21 MR. FLUMENBAUM: Objection as to form.

01:07:58 22 You want to limit your question to 2020?

01:08:00 23 Hold on. Hold on. Hold on.

01:08:05 24 I thought discovery --

01:08:07 25 MR. SYLVESTER: Sure. Fine.

01:08:09 1 THE WITNESS: I'm sorry, what's the
01:08:10 2 question, please?

01:08:10 3 BY MR. SYLVESTER:

01:08:10 4 Q. Did Ripple pay its ISPs in U.S. dollars in
01:08:15 5 2020?

01:08:16 6 A. Not that I'm aware of.

01:08:17 7 Q. You think it paid in XRP?

01:08:20 8 A. Oh, I'm sorry, apologies.

01:08:21 9 Can you ask the question again, please.

01:08:23 10 Q. Sure.

01:08:23 11 In 2020, did Ripple pay its ISPs with XRP?

01:08:27 12 A. Not that I can recollect.

01:08:28 13 Q. Okay. You also mentioned law firms.

01:08:31 14 A. Yes.

01:08:31 15 Q. Which law firms accepted XRP as payment?

01:08:38 16 A. Perkins Coie did in the early days, Paul
01:08:42 17 Hastings.

01:08:46 18 There's probably others I can't remember.

01:08:49 19 Q. Ripple has had a number of other law firms
01:08:51 20 from which it obtained services over the years?

01:08:54 21 A. We've used a number of law firms over the
01:08:56 22 years.

01:08:57 23 Q. Any of those other law firms accept XRP as
01:09:02 24 payment?

01:09:04 25 A. I can't recollect which other law firms.

01:09:08 1 Q. Other than employees, ISPs and law firms,
01:09:10 2 are there any other expenses of Ripple's that Ripple
01:09:13 3 has paid for directly using XRP?

01:09:16 4 A. Sure there were. I can't recollect
01:09:20 5 exactly what those are.

01:09:32 6 Q. Do you have a sense of how much Ripple has
01:09:34 7 paid in U.S. taxes over the years?

01:09:37 8 MR. FLUMENBAUM: Objection as to form.

01:09:38 9 THE WITNESS: I don't have the exact
01:09:39 10 number.

01:09:39 11 BY MR. SYLVESTER:

01:09:39 12 Q. Like a ballpark, was it in the millions,
01:09:44 13 hundreds of thousands?

01:09:45 14 Let's with start 2013.

01:09:49 15 MR. FLUMENBAUM: Objection as to form.

01:09:49 16 THE WITNESS: To the best of my
01:09:50 17 understanding, it was [REDACTED].

01:09:52 18 BY MR. SYLVESTER:

01:09:52 19 Q. [REDACTED]. Okay.

01:09:57 20 When Ripple paid -- strike that.

01:10:05 21 When Ripple paid its employee salary in
01:10:08 22 XRP, where is that documented, if anywhere?

01:10:11 23 MR. FLUMENBAUM: Objection as to form.

01:10:14 24 THE WITNESS: I'm sure that would be
01:10:16 25 documented in our income statements --

01:10:19 1 BY MR. SYLVESTER:

01:10:19 2 Q. Okay.

01:10:19 3 A. -- and employee records, obviously.

01:10:22 4 Q. How about payments to ISPs in XRP; where
01:10:25 5 is that documented?

01:10:28 6 MR. FLUMENBAUM: Objection as to form.

01:10:28 7 THE WITNESS: I'm sure that would be in
01:10:30 8 our income and expense statements.

01:10:36 9 BY MR. SYLVESTER:

01:10:36 10 Q. And how about XRP payments to law firms;
01:10:39 11 where is that documented, if anywhere?

01:10:42 12 MR. FLUMENBAUM: Objection as to form.

01:10:42 13 THE WITNESS: That should be in our income
01:10:44 14 and expense statements as well.

01:10:46 15 BY MR. SYLVESTER:

01:10:46 16 Q. Let's look at -175, please.

01:11:23 17 It's the bottom of page -175. Do you see
01:11:25 18 where it says, "Dedicated Team."

01:11:28 19 A. Yes.

01:11:28 20 Q. Okay. So dedicated team -- strike that.
01:11:31 21 After "Dedicated Team," it says:

01:11:33 22 "This is probably our most
01:11:36 23 important advantage. Bitcoin is an
01:11:37 24 open source project without anyone
01:11:39 25 leading it. Opencoin while also

01:11:41 1 open source will have a
01:11:42 2 professional team of developers and
01:11:43 3 businesspeople behind it. They
01:11:45 4 will be responsible for driving
01:11:46 5 adoption, marketing and ensuring
01:11:48 6 the system is constantly
01:11:50 7 improving."

01:11:51 8 Do you see that?

01:11:52 9 A. I do.

01:11:52 10 Q. Is that team of developers and
01:11:56 11 businesspeople a reference to Ripple?

01:11:59 12 A. It's a reference to people that would be
01:12:02 13 working on the core development. That could be
01:12:06 14 inside or outside Ripple.

01:12:09 15 Q. The core development of what?

01:12:12 16 A. Of the open source protocol.

01:12:14 17 Q. Okay. Has Ripple been responsible for
01:12:21 18 driving adoption of XRP over the years?

01:12:28 19 A. No. I mean, Ripple -- XRP is a large
01:12:33 20 global marketplace. It's tied to the overall
01:12:37 21 cryptocurrency markets, such as Bitcoin, and then
01:12:43 22 later, Ethereum.

01:12:44 23 I should also point out -- you're still on
01:12:48 24 -175?

01:12:51 25 Q. Yes.

01:12:52 1 A. While we talk about the team of developers
01:12:55 2 and that Bitcoin not having one, by 2013, Bitcoin
01:13:02 3 had a group of core developers --

01:13:06 4 Q. Oh, I see.

01:13:07 5 A. -- through the Bitcoin foundation.

01:13:11 6 Whether or not that was professional or
01:13:13 7 not is a different matter. But that's quite a
01:13:20 8 powerful group of developers.

01:13:21 9 Q. In 2013, did Ripple have developers that
01:13:26 10 were working on projects related to XRP?

01:13:29 11 A. We contribute code. That code has to be
01:13:32 12 adopted by the majority of the validators that we
01:13:35 13 don't control.

01:13:37 14 Q. Throughout the time you've been with
01:13:38 15 Ripple, has Ripple had developers that worked on
01:13:41 16 projects related to XRP?

01:13:46 17 A. Working on applications, and if we can
01:13:50 18 contribute constructive code to the protocol, we'll
01:13:58 19 participate in that, as anybody can in the entire
01:14:01 20 world.

01:14:01 21 But mostly, I think the way to look at all
01:14:04 22 of these ledgers is once they function, the
01:14:12 23 overwhelming part of the technology is complete.
01:14:15 24 Code changes tend to be very minor going forward,
01:14:19 25 whether that be Bitcoin or the XRP Ledger.

01:14:24 1 Q. Setting the Ledger aside, has Ripple had
01:14:27 2 employees that were working on other applications
01:14:29 3 related to XRP?

01:14:34 4 MR. FLUMENBAUM: Objection as to form.

01:14:35 5 THE WITNESS: I'm sorry, can you repeat
01:14:36 6 the question again?

01:14:38 7 BY MR. SYLVESTER:

01:14:38 8 Q. Sure.

01:14:38 9 Setting aside contributions to the code
01:14:41 10 underlying the XRP Ledger, has Ripple had developers
01:14:45 11 who worked on applications related to XRP?

01:14:49 12 MR. FLUMENBAUM: Objection as to form.

01:14:50 13 Asked and answered.

01:14:51 14 Go ahead.

01:14:52 15 THE WITNESS: We've had developers that
01:14:53 16 are working on code like RippleNet that don't touch
01:14:57 17 the XRP Ledger, as well as developers working on
01:15:03 18 code that does touch XRP, such as the On-Demand
01:15:11 19 Liquidity product.

01:15:14 20 BY MR. SYLVESTER:

01:15:14 21 Q. Okay.

01:15:14 22 Has Ripple had developers working on
01:15:18 23 developing applications related to blockchain
01:15:21 24 throughout its existence?

01:15:23 25 MR. FLUMENBAUM: Objection as to form.

01:15:24 1 THE WITNESS: When you're saying,
01:15:24 2 "blockchain," you're talking about the wider
01:15:28 3 cryptocurrency industry?

01:15:29 4 BY MR. SYLVESTER:

01:15:29 5 Q. Any blockchain technology, yeah.

01:15:32 6 MR. FLUMENBAUM: Objection as to form.

01:15:35 7 THE WITNESS: Yes. Products such as --
01:15:38 8 sorry -- ILP, Interledger Protocol, is a universal
01:15:43 9 interoperability protocol that's currency-agnostic,
01:15:50 10 Ledger-agnostic and coding-language agnostic.

01:15:54 11 BY MR. SYLVESTER:

01:15:54 12 Q. Okay.

01:15:54 13 Has Ripple taken steps to encourage the
01:16:02 14 adoption of XRP?

01:16:04 15 MR. FLUMENBAUM: Objection as to form.

01:16:07 16 THE WITNESS: As I mentioned before,
01:16:08 17 Ripple is focused on liquidity, utility and trust
01:16:14 18 within the ecosystem. We think that's very
01:16:20 19 important.

01:16:20 20 BY MR. SYLVESTER:

01:16:20 21 Q. Liquidity, utility and trust with respect
01:16:24 22 to XRP; is that right?

01:16:25 23 MR. FLUMENBAUM: Objection as to form.

01:16:26 24 THE WITNESS: Not just XRP, but also, as a
01:16:28 25 participant in the wider cryptocurrency industry,

01:16:32 1 given that we are, especially now, focused on
01:16:36 2 enterprise customers that have a very high degree of
01:16:42 3 compliance requirements.

01:16:44 4 BY MR. SYLVESTER:

01:16:44 5 Q. Okay. Has Ripple taken steps to market
01:16:48 6 XRP?

01:16:49 7 MR. FLUMENBAUM: Objection as to form.

01:16:50 8 THE WITNESS: We have taken steps to
01:16:53 9 educate participants both inside and outside of the
01:16:59 10 cryptocurrency markets, including regulators, about
01:17:03 11 how these technologies function, and also, any
01:17:10 12 misinformation that other ecosystems might try to
01:17:17 13 throw out there to misinform the public.

01:17:22 14 BY MR. SYLVESTER:

01:17:22 15 Q. Misinformation about XRP?

01:17:25 16 MR. FLUMENBAUM: Objection as to form.

01:17:26 17 THE WITNESS: Misinformation about Ripple,
01:17:28 18 the company.

01:17:28 19 BY MR. SYLVESTER:

01:17:28 20 Q. I see.

01:17:30 21 And Ripple takes steps to try to correct
01:17:33 22 any misinformation about Ripple, the company?

01:17:36 23 MR. FLUMENBAUM: Objection as to form.

01:17:39 24 THE WITNESS: Yes.

25 / /

01:17:39 1 BY MR. SYLVESTER:

01:17:39 2 Q. Has Ripple taken steps to correct any
01:17:41 3 misinformation about XRP?

01:17:43 4 MR. FLUMENBAUM: Objection as to form.

01:17:43 5 THE WITNESS: We have taken steps to
01:17:44 6 correct misinformation about Ripple, the company,
01:17:49 7 controlling XRP Ledger, which is, obviously,
01:17:55 8 misinformation.

01:17:58 9 BY MR. SYLVESTER:

01:17:58 10 Q. Did Ripple prepare financial statements
01:18:00 11 during the time you were CEO?

01:18:02 12 A. Yes.

01:18:04 13 Q. Okay. And has Ripple prepared financial
01:18:06 14 statements between the time that you left your
01:18:09 15 position as CEO and 2020?

01:18:11 16 A. Yes.

01:18:12 17 Q. Okay. Were those financial statements
01:18:15 18 always reviewed by auditors?

01:18:19 19 A. Are you talking about from the founding of
01:18:21 20 the company?

01:18:22 21 Q. From 2013 through 2020.

01:18:26 22 MR. FLUMENBAUM: Objection as to form.

01:18:27 23 You may answer.

01:18:28 24 THE WITNESS: Yes, I believe in the
01:18:29 25 earliest year, though, not in that calendar year,

01:18:37 1 but then we went back and had an auditor rereview
01:18:42 2 and then since then, we've had it consistently.

01:18:47 3 BY MR. SYLVESTER:

01:18:47 4 Q. Was it important to you that Ripple
01:18:49 5 provide accurate information to its auditors?

01:18:53 6 MR. FLUMENBAUM: Objection as to form.

01:18:54 7 THE WITNESS: Yes.

01:18:54 8 BY MR. SYLVESTER:

01:18:54 9 Q. Is there any reason to believe that
01:18:59 10 there's anything in Ripple's audited financial
01:19:01 11 statements that's inaccurate?

01:19:04 12 MR. FLUMENBAUM: Objection as to form.

01:19:06 13 You want to show somebody a document?

01:19:08 14 BY MR. SYLVESTER:

01:19:08 15 Q. Just sitting here today, is there anything
01:19:10 16 to believe that there's anything in Ripple's audited
01:19:13 17 financial statements that's inaccurate?

01:19:15 18 MR. FLUMENBAUM: Objection as to form.

01:19:15 19 THE WITNESS: I think the standard from an
01:19:17 20 auditor would be that there's no material
01:19:20 21 inaccuracies in your audited statement.

01:19:23 22 I'm sure an auditor would always find
01:19:27 23 maybe an entry that might have to be corrected. I
01:19:29 24 think the standard is material deficiencies.

25 / /

01:19:32 1 BY MR. SYLVESTER:

01:19:32 2 Q. Okay. Understanding that, is there
01:19:34 3 anything, sitting here today, that you're aware of
01:19:37 4 that's materially inaccurate in any of Ripple's
01:19:41 5 financial statements?

01:19:42 6 MR. FLUMENBAUM: Objection as to form.

01:19:42 7 THE WITNESS: To the best of my knowledge,
01:19:43 8 no.

01:19:43 9 BY MR. SYLVESTER:

01:19:43 10 Q. You applied for a trademark for XRP on
01:19:46 11 behalf of Ripple?

01:19:48 12 MR. FLUMENBAUM: Objection as to form.

01:19:48 13 THE WITNESS: Yes.

01:19:49 14 BY MR. SYLVESTER:

01:19:49 15 Q. Okay. Why did you do that?

01:19:53 16 A. When we purchased the URL ripple.com, that
01:20:01 17 was the right to the URL. The trademark of Ripple
01:20:05 18 needed to be defended. There was many different
01:20:13 19 organizations using that name.

01:20:18 20 Q. Did you also apply for a trademark for the
01:20:21 21 mark "XRP"?

01:20:23 22 MR. FLUMENBAUM: Objection as to form.

01:20:24 23 You may answer.

01:20:25 24 THE WITNESS: We did.

25 / /

01:20:26 1 BY MR. SYLVESTER:

01:20:26 2 Q. Okay. And why did you apply for a
01:20:30 3 trademark for the mark "XRP"?

01:20:32 4 A. It's important to protect that so that
01:20:37 5 scammers don't try to control that name and then
01:20:41 6 misuse it in a way that would be fraudulent,
01:20:45 7 misrepresenting, abusing consumers. You try to
01:20:50 8 protect it and essentially, like an open source
01:20:53 9 license, it's open, but under that permissible
01:20:59 10 license.

01:21:01 11 Q. Okay. Just a yes-or-no question.

01:21:03 12 Did you seek legal advice in connection
01:21:06 13 with applying for a trademark for XRP?

01:21:09 14 MR. FLUMENBAUM: Objection as to form.

01:21:13 15 You can answer the last part of what he
01:21:14 16 asked you for. He just -- if it doesn't discuss any
01:21:22 17 legal discussions.

01:21:23 18 THE WITNESS: Could you repeat the
01:21:24 19 question, please?

01:21:25 20 MR. SYLVESTER: Kat, do you mind reading
01:21:26 21 it back?

01:21:27 22 (Record read by the reporter
01:21:27 23 as follows:

01:21:34 24 QUESTION: Did you seek legal
01:21:34 25 advice in connection with applying

01:21:34 1 for a trademark for XRP?)

01:21:38 2 THE WITNESS: To the best of my knowledge,
01:21:38 3 yes.

01:21:39 4 BY MR. SYLVESTER:

01:21:39 5 Q. Did Ripple obtain a trademark for XRP?

01:21:43 6 A. I actually -- I can't recollect whether we
01:21:47 7 did or didn't.

01:21:51 8 Q. Ripple started selling XRP in March of
01:21:53 9 2013; is that right?

01:21:56 10 MR. FLUMENBAUM: Objection as to form.

01:22:00 11 THE WITNESS: I believe that began in the
01:22:02 12 first half of 2013.

01:22:04 13 BY MR. SYLVESTER:

01:22:04 14 Q. Okay. Did you have any role in the
01:22:06 15 decision for Ripple to begin selling XRP in the
01:22:09 16 first half of 2013?

01:22:12 17 MR. FLUMENBAUM: Objection as to form.

01:22:12 18 THE WITNESS: As the CEO, yes, I would
01:22:17 19 have to approve that.

01:22:23 20 BY MR. SYLVESTER:

01:22:23 21 Q. Okay. Did you as CEO have the final
01:22:26 22 authority to decide how much XRP Ripple would sell
01:22:29 23 in the 2013 time frame?

01:22:31 24 MR. FLUMENBAUM: Objection as to form.

01:22:36 25 THE WITNESS: Well, no, not in the context

01:22:38 1 of sort of absolute authority. That would have had
01:22:46 2 to have been a discussion, depending on the amount,
01:22:49 3 with -- with the board.

01:22:53 4 BY MR. SYLVESTER:

01:22:53 5 Q. Okay. In the 2013 time frame, would you
01:22:55 6 have had to approve the amount of sales?

01:23:00 7 MR. FLUMENBAUM: Objection as to form.

01:23:01 8 THE WITNESS: As a CEO, I would have had
01:23:04 9 to have approved a transaction or have delegated it
01:23:09 10 to a team member with proper authority to do that,
01:23:15 11 or taken it to the board if it was significant
01:23:18 12 enough.

01:23:20 13 BY MR. SYLVESTER:

01:23:20 14 Q. Okay. As CEO, did you have the authority
01:23:22 15 to decide whether Ripple would sell XRP to any
01:23:27 16 particular individual or entity?

01:23:29 17 MR. FLUMENBAUM: Objection. Objection as
01:23:33 18 to form.

01:23:34 19 THE WITNESS: Can you repeat the question,
01:23:35 20 please.

01:23:35 21 MR. SYLVESTER: Kat, will you read that
01:23:37 22 one back, too.

01:23:38 23 (Record read by the reporter
01:23:38 24 as follows:

01:23:47 25 QUESTION: As CEO, did you

01:23:47 1 have the authority to decide
01:23:47 2 whether Ripple would sell XRP to
01:23:47 3 any particular individual or
01:23:47 4 entity?)

01:23:49 5 THE WITNESS: I would have -- as CEO, I
01:23:51 6 would have had authority, subject to, obviously,
01:23:55 7 compliance regulations around money transmission and
01:24:00 8 expenditure authority to the board.

01:24:06 9 BY MR. SYLVESTER:

01:24:06 10 Q. In that 2013 time frame, did you approve
01:24:09 11 sales of XRP?

01:24:11 12 MR. FLUMENBAUM: Objection as to form.

01:24:12 13 THE WITNESS: I don't recall exact
01:24:14 14 approvals of transactions.

01:24:16 15 BY MR. SYLVESTER:

01:24:16 16 Q. Understanding you don't recall exact
01:24:22 17 approvals of transactions, do you generally recall
01:24:25 18 approving the sales of XRP in 2013?

01:24:29 19 MR. FLUMENBAUM: Objection as to form.

01:24:30 20 THE WITNESS: Generally, as I mentioned, I
01:24:31 21 believe our sales began in the first half of 2013.

01:24:34 22 As CEO, I would have had to have been -- I
01:24:37 23 would have approved of it -- of those transactions.

01:24:40 24 BY MR. SYLVESTER:

01:24:40 25 Q. Okay. In 2013, did you have any

01:24:43 1 understanding for what purpose purchasers of XRP
01:24:47 2 from Ripple were purchasing their XRP?

01:24:52 3 MR. FLUMENBAUM: Objection as to form.

01:24:52 4 THE WITNESS: My understanding is that
01:24:54 5 those sales would have been to market makers or
01:24:59 6 exchanges.

01:25:00 7 BY MR. SYLVESTER:

01:25:00 8 Q. What's the basis of that understanding?

01:25:03 9 A. That's my recollection.

01:25:12 10 Q. Again, focusing just on the 2013 time
01:25:14 11 frame, what's your understanding of what the market
01:25:17 12 makers who purchased XRP from Ripple then did with
01:25:21 13 the XRP?

01:25:23 14 MR. FLUMENBAUM: Objection as to form.

01:25:24 15 You may answer.

01:25:25 16 THE WITNESS: It's up to, obviously, those
01:25:27 17 institutions, and that's -- and thank you, that's a
01:25:32 18 clearer question than -- than before we broke.

01:25:35 19 But if there was an exchange, that could
01:25:40 20 be to people that were participating in the
01:25:43 21 cryptocurrency markets. That could be institutions
01:25:49 22 that were looking to participate in the
01:25:53 23 cryptocurrency markets. It really depends on the
01:25:55 24 model.

25 / /

01:25:56 1 BY MR. SYLVESTER:

01:25:56 2 Q. When you say, "participate in the
01:25:58 3 cryptocurrency markets," what does that mean?

01:26:01 4 MR. FLUMENBAUM: Objection as to form.

01:26:03 5 THE WITNESS: Just that, is to buy or
01:26:07 6 sell, if you're an exchange, I would assume,
01:26:10 7 cryptocurrencies, as you would Bitcoin or any of the
01:26:13 8 other cryptocurrencies in the market.

01:26:25 9 BY MR. SYLVESTER:

01:26:25 10 Q. Okay. In the 2013 time frame, did you
01:26:28 11 take any steps to determine why the
01:26:34 12 purchasers -- strike that.

01:26:37 13 In 2013, did you take any steps to
01:26:40 14 determine what the ultimate purchasers of XRP that
01:26:43 15 Ripple sold to market makers did with their XRP?

01:26:49 16 MR. FLUMENBAUM: Objection.

01:26:49 17 I think you mangled that question. You
01:26:54 18 want to revise it?

01:26:56 19 BY MR. SYLVESTER:

01:26:57 20 Q. Did you understand, Mr. Larsen?

01:26:58 21 A. Yes, I heard you, but I just want to ...

01:27:18 22 MR. FLUMENBAUM: You want to repeat the
01:27:19 23 question?

01:27:19 24 BY MR. SYLVESTER:

01:27:20 25 Q. Did you understand?

01:27:21 1 If you don't, I'll rephrase. If you
01:27:23 2 understand, you can answer.

01:27:25 3 A. Yes. I understood, but can you repeat it
01:27:27 4 just for the record?

01:27:28 5 MR. SYLVESTER: This is going to be
01:27:29 6 painful, but, Kat, will you repeat that one, too?

01:27:32 7 (Record read by the reporter
01:27:32 8 as follows:

01:27:47 9 QUESTION: In 2013, did you
01:27:47 10 take any steps to determine what
01:27:47 11 the ultimate purchasers of XRP
01:27:47 12 that Ripple sold to market makers
01:27:47 13 did with their XRP?)

01:27:49 14 MR. FLUMENBAUM: Objection as to form,
01:27:51 15 again.

01:27:51 16 THE WITNESS: So yes, in the context of
01:27:54 17 appropriate compliance.

01:27:55 18 Very importantly, I think by then, you
01:28:00 19 already had guidance from FinCEN, a part of
01:28:06 20 Treasury, on guidance for virtual currencies. So
01:28:13 21 you would have to ensure proper AML and KYC and that
01:28:20 22 they weren't being used for illegal purposes.

01:28:22 23 BY MR. SYLVESTER:

01:28:22 24 Q. Setting aside uses for illegal purposes,
01:28:27 25 did you have an understanding what the ultimate

01:28:29 1 purchasers of XRP were going to do with their XRP?

01:28:32 2 MR. FLUMENBAUM: Objection as to form.

01:28:33 3 THE WITNESS: As long as the purpose was a
01:28:34 4 legal purpose, then that was really the -- the
01:28:38 5 standard that we followed.

01:28:45 6 BY MR. SYLVESTER:

01:28:45 7 Q. So outside of ensuring that the purpose
01:28:49 8 was a legal purpose, did Ripple know what the
01:28:52 9 ultimate purchasers did with their XRP?

01:28:54 10 MR. FLUMENBAUM: Objection as to form.

01:28:55 11 THE WITNESS: No. As I said, I think
01:28:56 12 standard is that it's a legal purpose, and that it
01:29:00 13 was going to be consistent with FinCEN's guidance.

01:29:05 14 BY MR. SYLVESTER:

01:29:05 15 Q. Is a speculative purpose a legal purpose?

01:29:09 16 MR. FLUMENBAUM: Objection as to form.

01:29:10 17 THE WITNESS: When you say, "speculative,"
01:29:12 18 what -- what kind of speculation are we referring
01:29:15 19 to?

01:29:15 20 BY MR. SYLVESTER:

01:29:15 21 Q. Is the purchase of XRP with the hope that
01:29:17 22 the price rise -- rises, is that a legal purpose?

01:29:22 23 MR. FLUMENBAUM: Objection as to form.

01:29:22 24 THE WITNESS: In the currency markets,
01:29:25 25 most currency experts, currency regulators would

01:29:29 1 look at healthy markets to have appropriate
01:29:34 2 liquidity. A lot of that liquidity is important
01:29:38 3 from institutional speculation in markets. I think
01:29:42 4 everybody agrees that that's a key component of
01:29:45 5 efficient currency markets globally.

01:29:54 6 I think, further -- if it's okay?

01:29:57 7 BY MR. SYLVESTER:

01:29:57 8 Q. Go ahead. No, finish your answer, by all
01:30:00 9 means.

01:30:00 10 A. We've been very clear on this, the kind of
01:30:02 11 speculation that's not good is that sort of day
01:30:05 12 trading consumer speculation. We have -- I think we
01:30:11 13 have been very clear that's not healthy speculation,
01:30:14 14 but institutional speculation as part of a healthy
01:30:18 15 currency or commodity market is what most regulators
01:30:21 16 and market participants would look at as healthy.

01:30:26 17 Q. You're qualifying speculation with the
01:30:27 18 word "institutional."

01:30:29 19 What is institutional speculation?

01:30:31 20 A. We would look at that as sort of a
01:30:36 21 long-term almost -- and you could argue store of
01:30:40 22 value is essentially long-term speculating that a
01:30:44 23 currency or commodity that you hold will have more
01:30:51 24 value vis-a-vis another currency or commodity that
01:30:57 25 you might hold.

01:30:59 1 Q. Was Ripple aware in 2013 that certain of
01:31:02 2 its purchasers were purchasing XRP for long-term
01:31:08 3 speculation purposes?

01:31:10 4 MR. FLUMENBAUM: Objection as to form.

01:31:16 5 THE WITNESS: We would hope so, and we
01:31:18 6 believe so. It's very hard to tell, though.

01:31:38 7 MR. SYLVESTER: Okay. Let's look at
01:31:39 8 Exhibit 86, please.

01:31:40 9 (Whereupon, Deposition Exhibit CL-86
01:31:42 10 was marked for identification.)

01:31:43 11 THE WITNESS: Sorry, that's 186 in here?

01:31:45 12 MR. SYLVESTER: No. Next exhibit,
01:31:46 13 eight-six.

01:32:26 14 For the record, this is a thread of emails
01:32:30 15 among Miguel Vias, Mr. Larsen, Brad Garlinghouse,
01:32:38 16 and an individual with a Gmail.com domain address,
01:32:47 17 dated February 18th, 2017.

01:33:21 18 MR. FLUMENBAUM: Just so the record's
01:33:23 19 clear, the emails are not on -- just on
01:33:26 20 February 18th. They go back earlier to
01:33:29 21 February 6th, as far as I can see. So it's a
01:33:33 22 chain of emails from February 6th to
01:33:35 23 February 18th.

01:33:37 24 MR. SYLVESTER: That's right.

01:33:48 25 THE WITNESS: Okay.

01:37:57 1 BY MR. SYLVESTER:

01:37:57 2 Q. Okay. On page -049, it appears that an
01:38:06 3 individual with email address identifying him as
01:38:10 4 [REDACTED] wrote to you. Is that right?

01:38:13 5 A. Yes, I believe so.

01:38:14 6 Q. Mr. [REDACTED] identifies himself as an early
01:38:16 7 investor in XRP; is that right?

01:38:21 8 A. Early participant, yes.

01:38:23 9 Q. I'm reading the first sentence. "Would
01:38:25 10 like to say I'm an early investor in XRP."

01:38:28 11 Do you see that?

01:38:28 12 A. I see that.

01:38:29 13 Q. Okay. Was Mr. [REDACTED] an institutional
01:38:32 14 investor?

01:38:33 15 MR. FLUMENBAUM: Objection. Objection as
01:38:34 16 to form.

01:38:40 17 THE WITNESS: I don't know.

01:38:40 18 BY MR. SYLVESTER:

01:38:40 19 Q. Is there anything about Mr. [REDACTED] email
01:38:43 20 to you that suggests that he purchases XRP in an
01:38:46 21 institutional capacity?

01:38:49 22 MR. FLUMENBAUM: Objection as to form.
01:38:49 23 The document speaks for itself.

01:38:52 24 THE WITNESS: It looks like he's a
01:38:54 25 long-term holder.

01:38:57 1 BY MR. SYLVESTER:

01:38:57 2 Q. Right.

01:38:57 3 But my question was whether or not, when
01:39:00 4 you read this email, you believed that he had
01:39:04 5 purchased XRP as part of an institutional purpose?

01:39:07 6 A. No.

01:39:08 7 MR. FLUMENBAUM: Objection as to form.

01:39:08 8 THE WITNESS: Yeah, no.

01:39:09 9 BY MR. SYLVESTER:

01:39:17 10 Q. So he -- Mr. [REDACTED] writes -- now I'm on
01:39:21 11 page -050, the bottom of the second paragraph, three
01:39:30 12 lines up, he starts:

01:39:31 13 "No volume on Bitstamp, and
01:39:34 14 almost all the volume from RCL is
01:39:37 15 gone."

01:39:38 16 Do you see that?

01:39:38 17 A. I do.

01:39:40 18 Q. RCL is a reference to Ripple Ledger?

01:39:44 19 A. It was referred to as the Ripple Consensus
01:39:45 20 Ledger some time ago.

01:39:47 21 Q. When you read this email, did you take
01:39:48 22 "RCL" to mean the Ripple Consensus Ledger?

01:39:53 23 A. I did.

01:39:54 24 Q. Okay. So you write back to Mr. [REDACTED]
01:39:57 25 starting on page -049.

01:40:01 1 Do you see that?

01:40:02 2 A. Yes.

01:40:07 3 Q. And it's a little hard to tell with the
01:40:09 4 spacing, but about two-thirds of the way down, you
01:40:12 5 write:

01:40:13 6 "I understand your concerns
01:40:14 7 about the current state of volume
01:40:17 8 flows."

01:40:17 9 Do you see that?

01:40:18 10 A. Yes.

01:40:19 11 Q. Okay. Is that a reference to the current
01:40:22 12 state of volume flows of XRP?

01:40:27 13 A. It could be. It could be the general
01:40:30 14 cryptocurrency markets at the time.

01:40:31 15 Q. But Mr. [REDACTED] is writing you about the
01:40:33 16 volume of XRP; is that right?

01:40:35 17 MR. FLUMENBAUM: Objection as to form.

01:40:35 18 He answered your question. It's not --

01:40:40 19 MR. SYLVESTER: I'm asking the next one.

01:40:43 20 MR. FLUMENBAUM: Well, you're arguing with
01:40:44 21 him.

01:40:44 22 MR. SYLVESTER: I'm just asking the next
01:40:45 23 question, if you let me ask the question.

01:40:48 24 MR. FLUMENBAUM: And you skipped a lot of
01:40:49 25 sentences.

01:40:50 1 MR. SYLVESTER: Yeah. I'm not reading the
01:40:51 2 entire email. I'm asking him questions about the
01:40:54 3 email.

01:40:54 4 It's a deposition.

01:40:55 5 MR. FLUMENBAUM: You're assuming some
01:40:57 6 facts that there's no foundation for --

01:40:57 7 MR. SYLVESTER: I'm asking -- I would be
01:40:58 8 asking him a question if you would allow me to speak
01:41:01 9 and ask him a question.

01:41:03 10 MR. FLUMENBAUM: Oh, stop. No one has
01:41:05 11 stopped you from speaking, please.

01:41:06 12 BY MR. SYLVESTER:

01:41:07 13 Q. All right. Mr. Larsen, did Mr. [REDACTED]
01:41:11 14 write you with concerns about the volume of XRP
01:41:14 15 trading?

01:41:15 16 MR. FLUMENBAUM: Objection as to form.
01:41:18 17 The document speaks for itself.

01:41:19 18 BY MR. SYLVESTER:

01:41:19 19 Q. I'm asking Mr. Larsen the question.

01:41:22 20 A. Well, I'm not sure that's how I took what
01:41:25 21 his concerns are.

01:41:28 22 Q. Okay. When Mr. [REDACTED] wrote, "no volume
01:41:32 23 on Bitstamp and almost all the volume from RCL is
01:41:35 24 gone," did you understand that he was referring to
01:41:39 25 the volume in XRP?

01:41:42 1 MR. FLUMENBAUM: Objection as to form.

01:41:45 2 THE WITNESS: Well, he was writing about
01:41:47 3 XRP, I assume. But since volume in XRP is heavily
01:41:52 4 or mostly correlated with the volume of the overall
01:41:56 5 cryptocurrency markets, those are probably one in
01:41:59 6 the same thing.

01:42:08 7 BY MR. SYLVESTER:

01:42:08 8 Q. Okay. Flipping back to page 049 to your
01:42:12 9 email.

01:42:13 10 A. Uh-huh, yes.

01:42:14 11 Q. Right underneath where you say, "I
01:42:16 12 understand your concerns around the current state of
01:42:18 13 volume flows," you write:

01:42:19 14 "Frankly, the entire industry
01:42:21 15 is really in the earliest stages of
01:42:23 16 development. Most volume in the
01:42:24 17 space is speculation in advance of
01:42:26 18 enterprise and eventually consumer
01:42:28 19 flows."

01:42:29 20 Do you see that?

01:42:30 21 A. I do.

01:42:32 22 Q. What does "most volume in the space is
01:42:35 23 speculation" mean?

01:42:37 24 MR. FLUMENBAUM: Objection.

01:42:37 25 Again, you're taking the words out of

01:42:40 1 context, which is, you know, just totally
01:42:42 2 inappropriate.

01:42:44 3 But answer the question, if you can.

01:42:46 4 THE WITNESS: Well, I think most
01:42:48 5 cryptocurrency analysts would have assumed that at
01:42:53 6 this stage, but, again, I think it's important to
01:42:56 7 distinguish between what I would consider bad
01:42:58 8 speculation, day trading, the type of stuff that
01:43:01 9 Elon Musk says about Dogecoin, and all that
01:43:06 10 nonsense, and the speculation that is, I guess, best
01:43:10 11 defined by a belief that a certain technology is
01:43:12 12 going to have a major future position in the global
01:43:17 13 economy, which I think is very much played out when
01:43:19 14 it comes to cryptocurrencies.

01:43:21 15 BY MR. SYLVESTER:

01:43:21 16 Q. Do you believe that certain purchasers of
01:43:25 17 XRP purchased XRP because of their belief that XRP
01:43:29 18 was going to be successful?

01:43:33 19 MR. FLUMENBAUM: Objection as to form.

01:43:33 20 We've been through this now at least five
01:43:36 21 times --

01:43:37 22 MR. SYLVESTER: Enough, Mark, enough.

01:43:39 23 MR. FLUMENBAUM: -- five times, same
01:43:41 24 question, five times.

01:43:42 25 MR. SYLVESTER: That's just not true.

01:43:43 1 MR. FLUMENBAUM: All morning.

01:43:45 2 THE WITNESS: So I believe that people are
01:43:54 3 thinking that the overall cryptocurrency industry is
01:43:58 4 going to be a -- well, going back, will be a major
01:44:04 5 part of the future of global finance.

01:44:06 6 That, I think, actually is playing out as
01:44:09 7 we sit here. I think that is how I would define
01:44:17 8 what most analysts say when they say speculating
01:44:20 9 about where the industry is going.

01:44:23 10 BY MR. SYLVESTER:

01:44:23 11 Q. Has Ripple taken steps in furtherance of
01:44:27 12 XRP being a major part of the future of global
01:44:30 13 finance?

01:44:33 14 MR. FLUMENBAUM: Objection as to form.

01:44:33 15 THE WITNESS: I'm sorry, your question is
01:44:34 16 what, again, please?

01:44:37 17 BY MR. SYLVESTER:

01:44:37 18 Q. Sure.

01:44:37 19 Has Ripple taken steps in furtherance of
01:44:39 20 XRP becoming a part of the future of global finance?

01:44:50 21 MR. FLUMENBAUM: Objection as to form.

01:44:51 22 THE WITNESS: Ripple wants to be part of
01:44:53 23 what we consider to be an internet of value. We
01:44:56 24 think what is happening here is exactly the same
01:44:58 25 thing that happened with the internet of data, which

01:45:02 1 now dominates global communications. We think being
01:45:06 2 part of an internet of value is going to be the
01:45:10 3 future of the way value moves around the world.

01:45:14 4 BY MR. SYLVESTER:

01:45:14 5 Q. And does XRP have a role to play in that?

01:45:20 6 MR. FLUMENBAUM: Objection as to form.

01:45:21 7 THE WITNESS: I believe, yes, very much,
01:45:22 8 because XRP, again, just like Bitcoin or Ethereum,
01:45:27 9 is a currency. It's a medium of exchange. It's
01:45:33 10 store of value. It's a unit of account. It's
01:45:36 11 durable. It's fungible. It's divisible. But it's
01:45:39 12 far superior as a currency to Bitcoin or Ethereum.

01:45:44 13 It's substantially faster. It's
01:45:48 14 substantially lower cost. It has much higher
01:45:51 15 throughput. It provides -- it produces a small
01:45:56 16 fraction of the energy consumption and is carbon
01:46:02 17 neutral, whereas Bitcoin, as you guys know, it
01:46:05 18 produces 80 -- roughly megatons of CO2 per year,
01:46:10 19 using 100 trillion-watt hours of power. That's a
01:46:14 20 far superior currency for the future of an internet
01:46:17 21 of value.

01:46:18 22 BY MR. SYLVESTER:

01:46:18 23 Q. Has Ripple taken steps to position XRP to
01:46:24 24 be a part of that internet of value, as you put it?

01:46:29 25 MR. FLUMENBAUM: Objection as to form.

01:46:31 1 THE WITNESS: It already is. XRP already
01:46:33 2 is. It's a global ecosystem. Trades on hundreds of
01:46:39 3 exchanges all around the world. There's developers
01:46:41 4 all over the world building on it.

01:46:43 5 And we also believe that Ripple can build
01:46:51 6 products that will be very valuable to enterprise
01:46:55 7 customers so that cross-border payments can be more
01:46:58 8 efficient. It's one -- one of the use cases that we
01:47:03 9 think is important.

01:47:11 10 BY MR. SYLVESTER:

01:47:11 11 Q. Did Ripple take steps to position XRP to
01:47:14 12 be in the position you just described?

01:47:16 13 MR. FLUMENBAUM: Objection as to form.
01:47:19 14 Asked and answered.

01:47:20 15 You can answer again.

01:47:22 16 THE WITNESS: Ripple has taken steps to
01:47:24 17 build successful products that utilize those
01:47:26 18 technologies.

01:47:38 19 MR. FLUMENBAUM: Would this be a good time
01:47:40 20 for a break? It's ten of two.

01:47:42 21 MR. SYLVESTER: I want to ask one followup
01:47:44 22 on Mr. Larsen's answer.

01:47:45 23 MR. FLUMENBAUM: Sure.

01:47:46 24 BY MR. SYLVESTER:

01:47:46 25 Q. Which is, how much does it cost Ripple to

01:47:49 1 take those steps to build successful products that
01:47:52 2 utilize those technologies?

01:47:55 3 MR. FLUMENBAUM: Objection as to form.

01:47:56 4 THE WITNESS: As I -- as I mentioned
01:47:57 5 before, it depends on what product or product
01:48:00 6 component you're talking about. So -- and maybe you
01:48:03 7 can be more specific.

01:48:06 8 BY MR. SYLVESTER:

01:48:06 9 Q. Let me ask it this way: If I looked at
01:48:08 10 the R&D line item on Ripple's financial statements,
01:48:11 11 does that roughly approximate how much Ripple is
01:48:15 12 spending on developing the products you described?

01:48:19 13 MR. FLUMENBAUM: Objection as to form.

01:48:21 14 THE WITNESS: To be honest with you, I'm
01:48:23 15 not sure we have an R&D line, so ...

01:48:30 16 MR. SYLVESTER: Okay. This is a good time
01:48:32 17 to take a break.

01:48:33 18 MR. FLUMENBAUM: All right. It's ten to
01:48:34 19 two. You want to take 40 minutes?

01:48:35 20 MR. SYLVESTER: We're off the record.

01:48:38 21 THE VIDEOGRAPHER: Off the record at
01:48:39 22 1:48 p.m.

23 (Whereupon, a lunch recess was taken.)

24

25

1 September 14, 2021 2:34 P.M.

2 AFTERNOON SESSION

02:34:54 3 THE VIDEOGRAPHER: This is the start of
02:34:55 4 File Number 4. We're back on the record at
02:34:59 5 2:34 p.m.

02:35:00 6 BY MR. SYLVESTER:

02:35:01 7 Q. Mr. Larsen, are you aware that Mr. McCaleb
02:35:04 8 and Jessie Powell sought legal advice from Perkins
02:35:06 9 Coie in early 2012?

02:35:09 10 A. Yes.

02:35:10 11 Q. Are you aware that they obtained a
02:35:13 12 memorandum from Perkins Coie?

02:35:16 13 A. Yes.

02:35:17 14 Q. Okay. And are you aware that that
02:35:19 15 memorandum was about the application of the
02:35:21 16 securities laws to sales of XRP?

02:35:24 17 MR. FLUMENBAUM: Objection as to form.

02:35:27 18 THE WITNESS: That's not an accurate
02:35:28 19 statement. The memo was about a lot of things.

02:35:33 20 BY MR. SYLVESTER:

02:35:33 21 Q. Okay. Was one of the topics of the memo
02:35:35 22 the application of the securities laws to sales of
02:35:38 23 XRP?

02:35:41 24 MR. FLUMENBAUM: Objection as to form.

02:35:41 25 THE WITNESS: Yes.

02:35:42 1 BY MR. SYLVESTER:

02:35:42 2 Q. Okay. Did you ever receive that memo?

02:35:46 3 A. Not at the time it was produced.

02:35:48 4 Q. Okay. You did at some point receive the
02:35:51 5 memo?

02:35:52 6 A. I reviewed the memo.

02:35:53 7 Q. Okay. About when was that?

02:35:57 8 A. That would have been in the first half of
02:35:59 9 2012.

02:36:03 10 Q. Did you read the entire memo?

02:36:04 11 A. I did.

02:36:06 12 Q. Did you discuss the memo with any
02:36:08 13 attorneys around that time.

02:36:12 14 MR. FLUMENBAUM: Just -- you can answer
02:36:14 15 either yes or no.

02:36:17 16 THE WITNESS: Yes.

02:36:17 17 BY MR. SYLVESTER:

02:36:18 18 Q. Which attorneys?

02:36:23 19 THE WITNESS: Is it okay to say?

02:36:25 20 MR. FLUMENBAUM: You can mention a name.

02:36:27 21 THE WITNESS: Perkins Coie.

02:36:29 22 BY MR. SYLVESTER:

02:36:29 23 Q. Did you discuss the memo with any others
02:36:31 24 at Ripple outside the presence of attorneys?

02:36:36 25 A. Ripple the company you're talking about?

02:36:38 1 Q. Yes.

02:36:38 2 A. Ripple the company didn't exist at that
02:36:40 3 time.

02:36:40 4 Q. Fair enough. Did you discuss the contents
02:36:43 5 of the memo with Mr. McCaleb or Mr. Powell?

02:36:46 6 A. Yes.

02:36:48 7 Q. Okay. And did you discuss the potential
02:36:51 8 application of the securities laws as set forth in
02:36:53 9 the memo with Mr. McCaleb or Mr. Powell?

02:37:01 10 MR. FLUMENBAUM: Objection as to form.

02:37:02 11 You can answer that either yes or no?

02:37:04 12 THE WITNESS: Yes.

02:37:12 13 THE REPORTER: Is your mike on?

02:37:14 14 MR. FLUMENBAUM: No, not at all. Excuse
02:37:16 15 me.

02:37:17 16 BY MR. SYLVESTER:

02:37:22 17 Q. And what was it that you discussed with
02:37:25 18 Mr. McCaleb or Mr. Powell with respect to the
02:37:28 19 application of securities laws to sales of XRP?

02:37:30 20 MR. FLUMENBAUM: Objection. Instruction
02:37:31 21 not to answer to the extent that it's based on
02:37:34 22 communications that you had with counsel as well.

02:37:37 23 THE WITNESS: There's no way for me to
02:37:38 24 separate those discussions with discussion with
02:37:40 25 counsel.

02:37:41 1 BY MR. SYLVESTER:

02:37:41 2 Q. Let's limit it just to the memos, which I
02:37:44 3 understand privilege has been waived.

02:37:49 4 MR. FLUMENBAUM: Objection. I don't
02:37:50 5 believe that's accurate.

02:37:52 6 MR. SYLVESTER: Is it not?

02:37:52 7 MR. CERESNEY: To be clear, privilege as
02:37:54 8 to the memos themselves, they're -- we're not
02:37:58 9 asserting privilege as to the memos --

02:37:58 10 (Reporter clarification.)

02:37:58 11 MR. CERESNEY: -- asserting privilege as
02:38:03 12 to the memos themselves because they were shared
02:38:06 13 with third parties. However, any additional advice
02:38:11 14 surrounding those memos, so anything outside of
02:38:14 15 those memos, as you know, we've asserted privilege
02:38:17 16 and the court has the same power assertion of
02:38:20 17 privilege.

02:38:25 18 So unless you want to take out a copy of
02:38:28 19 the memo and ask him about a line in the memo, we're
02:38:31 20 going to object to the questions.

02:38:32 21 MR. SYLVESTER: Okay. Well, be that as it
02:38:34 22 may, see if you need to object to this one.

02:38:38 23 BY MR. SYLVESTER:

02:38:38 24 Q. Did you discuss the contents of the early
02:38:43 25 2012 Perkins Coie memo with Mr. McCaleb or

02:38:48 1 Mr. Powell?

02:38:49 2 MR. FLUMENBAUM: Objection. Again,
02:38:50 3 instruction not to discuss any -- anything that you
02:38:54 4 may have said to Mr. Powell or Mr. McCaleb based on
02:38:58 5 any communications that you had with counsel.

02:39:00 6 THE WITNESS: I think it's impossible for
02:39:01 7 me to separate those discussions and discussions
02:39:05 8 with counsel.

02:39:08 9 BY MR. SYLVESTER:

02:39:08 10 Q. Okay. You ultimately obtained a second
02:39:26 11 memo from Perkins Coie; is that correct?

02:39:28 12 MR. FLUMENBAUM: Objection as to the form
02:39:29 13 of that question.

02:39:31 14 THE WITNESS: Yes.

02:39:32 15 BY MR. SYLVESTER:

02:39:32 16 Q. And that memo was addressed to you as
02:39:34 17 well; is that right?

02:39:37 18 A. I believe that's correct.

02:39:39 19 Q. Okay. So you sought the legal advice
02:39:45 20 contained in the second Perkins Coie memo; is that
02:39:47 21 right?

02:39:49 22 MR. FLUMENBAUM: Objection as to form.
02:39:49 23 If you can answer that question, please
02:39:52 24 do.

02:39:52 25 THE WITNESS: We -- we sought that memo.

02:39:57 1 BY MR. SYLVESTER:

02:39:57 2 Q. Who's the "we" in that sentence?

02:40:00 3 A. Jed and I.

02:40:03 4 Q. Okay. And why did you determine to obtain
02:40:08 5 a second memo from Perkins Coie in 2012?

02:40:12 6 MR. FLUMENBAUM: Objection. Again, as to
02:40:16 7 form. And instruction not to answer to the extent
02:40:24 8 that your decision was based on communications that
02:40:27 9 you may have had with counsel.

02:40:31 10 THE WITNESS: I wanted to make sure that
02:40:33 11 that was a complete memo and it wasn't a -- that Jed
02:40:41 12 and Jessie economized, didn't pay enough to get a
02:40:47 13 proper memo. So I wanted to make sure it was
02:40:49 14 validated that was a complete memo.

02:40:52 15 BY MR. SYLVESTER:

02:40:52 16 Q. Did you have a concern that Mr. McCaleb or
02:40:56 17 Mr. Powell had economized with respect to the first
02:41:00 18 Perkins Coie memo?

02:41:01 19 MR. FLUMENBAUM: Objection as to form.
02:41:02 20 Again, instruction not to answer anything that's
02:41:06 21 based on communications with counsel.

02:41:08 22 THE WITNESS: Jed is known to be sort of a
02:41:11 23 cheapskate. I wanted to make sure he wasn't being
02:41:15 24 cheap on legal advice. Getting the memo, again,
02:41:19 25 ensured that.

02:41:19 1 BY MR. SYLVESTER:

02:41:19 2 Q. And the second Perkins Coie memo, that was
02:41:23 3 in the second half of 2012; is that right?

02:41:26 4 A. That's right.

02:41:26 5 Q. Prior to Perkins Coie providing the second
02:41:29 6 memo in the second half of 2012, had you provided
02:41:35 7 Perkins Coie with a revised business plan for
02:41:37 8 Ripple?

02:41:39 9 MR. FLUMENBAUM: Objection as to form.

02:41:43 10 THE WITNESS: Not that I can recall, but
02:41:45 11 that is in -- stated in the memo.

02:41:50 12 BY MR. SYLVESTER:

02:41:50 13 Q. Did you understand in 2012 that if
02:41:52 14 Ripple's business plan changed, that could affect
02:41:54 15 the securities law analysis?

02:41:57 16 MR. FLUMENBAUM: Objection as to form.

02:41:58 17 THE WITNESS: Yes.

02:41:58 18 BY MR. SYLVESTER:

02:41:58 19 Q. When you -- strike that.

02:42:05 20 You received the late 2012 Perkins Coie
02:42:08 21 memo; is that right?

02:42:09 22 A. I did.

02:42:09 23 Q. Okay. Did you read it?

02:42:11 24 A. I did.

02:42:11 25 Q. Did you read the entire thing?

02:42:13 1 A. Yes.

02:42:13 2 Q. Okay. Did you discuss it with counsel
02:42:16 3 around the time that you received it?

02:42:19 4 MR. FLUMENBAUM: Again, you can answer
02:42:20 5 that either yes or no.

02:42:22 6 THE WITNESS: Yes.

02:42:24 7 BY MR. SYLVESTER:

02:42:24 8 Q. Okay. Which counsel?

02:42:25 9 A. Perkins Coie.

02:42:29 10 Q. Did you discuss the October 2012 memo with
02:42:33 11 anyone else outside the presence of counsel?

02:42:38 12 A. Again, it's impossible for me to
02:42:40 13 distinguish between general discussions and
02:42:43 14 discussions with counsel.

02:42:44 15 Q. Okay. Just so we have a clear record,
02:42:49 16 were there occasions in which you discussed the
02:42:51 17 contents of the October 2012 memo with others
02:42:54 18 outside the presence of counsel?

02:42:57 19 MR. FLUMENBAUM: Objection as to form.

02:43:02 20 THE WITNESS: Not that I can recall.

02:43:05 21 BY MR. SYLVESTER:

02:43:05 22 Q. Okay. You provided some information to
02:43:11 23 Perkins Coie for the purposes of providing advice in
02:43:12 24 the memo?

02:43:15 25 MR. FLUMENBAUM: Again, objection as to

02:43:16 1 form. It would really help if you ask the questions
02:43:19 2 in a question form.

02:43:20 3 BY MR. SYLVESTER:

02:43:21 4 Q. Do you understand what I'm asking,
02:43:22 5 Mr. Larsen?

02:43:22 6 MR. SYLVESTER: I just want to know if
02:43:25 7 Mr. Larsen understands me. If he does, let's move
02:43:27 8 forward.

02:43:28 9 THE WITNESS: Can you ask it again,
02:43:29 10 please.

02:43:30 11 MR. SYLVESTER: Can you read it back, Kat,
02:43:31 12 please.

02:43:31 13 (Record read by the reporter
02:43:31 14 as follows:

02:43:45 15 "QUESTION: You provided some
02:43:45 16 information to Perkins Coie for
02:43:45 17 the purposes of providing advice
02:43:45 18 in the memo?"

02:43:47 19 THE WITNESS: I can't recall.

02:43:50 20 BY MR. SYLVESTER:

02:43:50 21 Q. Do you know whether anyone at Ripple
02:43:53 22 provided information to Perkins Coie for the
02:43:54 23 purposes of providing advice in the October 2012
02:43:57 24 memo?

02:43:58 25 MR. FLUMENBAUM: Objection as to form.

02:44:02 1 THE WITNESS: I can't recall.

02:44:05 2 BY MR. SYLVESTER:

02:44:05 3 Q. The October 2012 memo from Perkins Coie
02:44:16 4 contained some facts about Ripple; is that right?

02:44:19 5 MR. FLUMENBAUM: Objection as to form.

02:44:24 6 THE WITNESS: Contained facts about the
02:44:25 7 company which I think was called Opencoin still at
02:44:30 8 that point.

02:44:31 9 BY MR. SYLVESTER:

02:44:31 10 Q. Where did Perkins Coie get those facts?

02:44:34 11 MR. FLUMENBAUM: Objection as to form.

02:44:34 12 THE WITNESS: I don't recall.

02:44:35 13 BY MR. SYLVESTER:

02:44:35 14 Q. Did Perkins Coie recommend that Ripple
02:44:51 15 obtain or seek to obtain a no action letter from the
02:44:55 16 SEC?

02:44:57 17 MR. FLUMENBAUM: Objection. Document
02:44:57 18 speaks for itself.

02:44:59 19 You may answer. Again, based solely on
02:45:02 20 what your recollection is of the document, no other
02:45:07 21 conversations?

02:45:10 22 THE WITNESS: Sorry, can you rephrase --
02:45:12 23 repeat the question, please.

02:45:14 24 BY MR. SYLVESTER:

02:45:20 25 Q. Did Perkins Coie recommend that Ripple

02:45:21 1 obtain or seek to obtain a no action letter from the
02:45:25 2 SEC?

02:45:25 3 MR. FLUMENBAUM: I'm going -- I'm actually
02:45:27 4 going to instruct him not to answer that question
02:45:29 5 based on privilege.

02:45:33 6 THE WITNESS: Follow the advice of
02:45:34 7 counsel.

02:45:44 8 BY MR. SYLVESTER:

02:45:44 9 Q. Did the Perkins Coie memo advise Ripple to
02:45:49 10 seek to obtain a no action letter from the SEC?

02:45:53 11 MR. FLUMENBAUM: Objection to form.
02:45:54 12 Document speaks for itself.

02:45:55 13 You may answer, if you can.

02:46:00 14 THE WITNESS: I believe it stated that
02:46:02 15 that was an option that we could choose to do.

02:46:07 16 BY MR. SYLVESTER:

02:46:07 17 Q. Did Ripple ever try to obtain a no action
02:46:10 18 letter from the SEC?

02:46:11 19 MR. FLUMENBAUM: Objection as to --
02:46:12 20 objection as to form.

02:46:13 21 You may answer.

02:46:14 22 THE WITNESS: No.

02:46:15 23 BY MR. SYLVESTER:

02:46:15 24 Q. Why not?

02:46:16 25 MR. FLUMENBAUM: Objection to the extent

02:46:17 1 that it is based on advice of counsel.

02:46:21 2 THE WITNESS: That was based -- I can't
02:46:25 3 distinguish other knowledge from advice from
02:46:28 4 counsel.

02:46:28 5 BY MR. SYLVESTER:

02:46:28 6 Q. When did you receive the advice that you
02:46:41 7 just referenced?

02:46:42 8 MR. FLUMENBAUM: Objection. Objection.

02:46:52 9 MR. SYLVESTER: On what grounds?

02:46:53 10 MR. FLUMENBAUM: You're trying to get
02:46:54 11 information as to conversations that took place
02:46:59 12 outside of the memo.

02:47:00 13 MR. SYLVESTER: Right. I'm trying to put
02:47:01 14 a privilege log on the record. When he had a
02:47:03 15 discussion with counsel is not privileged.

02:47:05 16 MR. FLUMENBAUM: Well, you're asking when
02:47:06 17 he had discussions with counsel about a particular
02:47:09 18 subject matter, so you're --

02:47:10 19 MR. SYLVESTER: Yes. That's what a
02:47:11 20 privilege log is.

02:47:15 21 MR. FLUMENBAUM: You're asking
02:47:16 22 specifically about a no action letter that was never
02:47:18 23 requested, correct?

02:47:20 24 MR. SYLVESTER: Correct.

02:47:21 25 MR. FLUMENBAUM: Okay. So I don't

02:47:22 1 understand what -- what is going to be on a
02:47:25 2 privilege log.

02:47:26 3 MR. SYLVESTER: Discussing a no action
02:47:27 4 letter.

02:47:29 5 MR. FLUMENBAUM: There's no privilege log
02:47:30 6 that has a discussion of a no action letter on it.
02:47:36 7 I don't know what you're referring to.

02:47:37 8 MR. SYLVESTER: I'm not referring to
02:47:38 9 physical privilege log. I'm saying when Mr. Larsen
02:47:40 10 had any conversations with counsel is not
02:47:42 11 privileged.

02:47:47 12 MR. FLUMENBAUM: Do you recall --
02:47:48 13 You could ask him if he recalls all
02:47:51 14 conversations with counsel after the receipt of the
02:47:54 15 memo, or when those occurred.

02:48:02 16 BY MR. SYLVESTER:

02:48:03 17 Q. Do you remember discussing with counsel
02:48:04 18 the topic of seeking a no action letter after
02:48:07 19 receipt of the memo?

02:48:13 20 MR. FLUMENBAUM: Mr. Ceresney?

02:48:15 21 MR. CERESNEY: The question -- is the
02:48:17 22 question whether he sought advice from counsel after
02:48:19 23 receiving the memo about whether to seek a no action
02:48:22 24 letter? Is that the question?

02:48:24 25 MR. SYLVESTER: Yes.

02:48:24 1 MR. CERESNEY: I think that's -- that's --
02:48:26 2 you can answer yes or no.

02:48:27 3 THE WITNESS: Yes.

02:48:27 4 BY MR. SYLVESTER:

02:48:28 5 Q. Okay. Which counsel?

02:48:30 6 A. Perkins Coie.

02:48:31 7 Q. When did you seek that advice?

02:48:33 8 A. I don't recall.

02:48:34 9 Q. Okay. Was it in the fall 2012 time frame?

02:48:40 10 MR. FLUMENBAUM: Objection as to form. He
02:48:40 11 said he can't recall.

02:48:42 12 THE WITNESS: I can't recall.

02:48:47 13 BY MR. SYLVESTER:

02:48:47 14 Q. Did you have any conversations with
02:48:50 15 anyone, other -- any lawyers other than Perkins Coie
02:48:53 16 about the possibility of seeking a no action letter
02:48:56 17 from the SEC?

02:48:59 18 MR. FLUMENBAUM: Mr. Ceresney?

02:49:00 19 MR. CERESNEY: He can answer yes or no.

02:49:02 20 MR. FLUMENBAUM: Okay.

02:49:02 21 THE WITNESS: Not that I can recall.

02:49:10 22 BY MR. SYLVESTER:

02:49:10 23 Q. Were your conversations with Perkins Coie
02:49:12 24 on the topic of a no action letter as late as 2018?

02:49:22 25 MR. FLUMENBAUM: Objection to the form of

02:49:23 1 that question. Do you want to rephrase it?

02:49:26 2 MR. SYLVESTER: I'm trying to cabin a time
02:49:27 3 frame. He didn't recall whether it was fall of
02:49:30 4 2012, which is fair. I want to know, is it as late
02:49:33 5 at 2018, is it as late as 2020. We can go one year
02:49:37 6 at a time.

02:49:38 7 MR. FLUMENBAUM: You want to ask, did the
02:49:39 8 conversation with Perkins Coie take place in 2018.
02:49:42 9 That would be a question that you could -- that
02:49:43 10 would --

02:49:43 11 MR. SYLVESTER: He can answer my first
02:49:44 12 question, but fine.

02:49:45 13 BY MR. SYLVESTER:

02:49:45 14 Q. Did the conversation with Perkins Coie
02:49:47 15 regarding seeking a no action letter with the SEC
02:49:50 16 take place in 2018?

02:49:54 17 MR. FLUMENBAUM: Mr. Ceresney?

02:49:55 18 MR. CERESNEY: You can answer yes or no --

02:49:56 19 THE WITNESS: No.

02:49:57 20 MR. CERESNEY: -- or you don't recall.

02:49:59 21 THE WITNESS: Not that I can recall.

02:50:01 22 BY MR. SYLVESTER:

02:50:01 23 Q. Okay. Did the conversation with
02:50:02 24 Perkins Coie about seeking a no action letter from
02:50:04 25 the SEC take place in 2013?

02:50:08 1 MR. FLUMENBAUM: Mr. Ceresney?

02:50:09 2 MR. CERESNEY: You can answer yes, no, you
02:50:11 3 don't recall.

02:50:12 4 THE WITNESS: Not that I can recall.

02:50:13 5 BY MR. SYLVESTER:

02:50:13 6 Q. Did the conversation with Perkins Coie
02:50:15 7 about seeking a no action letter from the SEC take
02:50:19 8 place at some point during the time you were CEO?

02:50:22 9 A. Yes.

02:50:23 10 Q. Okay. From reading the October 2012
02:50:36 11 Perkins Coie memo, did you understand that what
02:50:39 12 Ripple said publicly about XRP was a factor in the
02:50:45 13 securities law analysis?

02:50:47 14 MR. FLUMENBAUM: I'm going to object to
02:50:48 15 you asking him questions about his understanding of
02:50:51 16 the memo, unless you put the memo in front of him
02:50:55 17 and ask him specific questions with respect to
02:50:57 18 specific language.

02:50:59 19 MR. SYLVESTER: Marty, in all honesty, the
02:51:01 20 last document I put in front of Mr. Larsen, it took
02:51:04 21 30 minutes to ask a question. So I'm just asking
02:51:05 22 about his recollection sitting here today. It's my
02:51:06 23 deposition and that's what I'm going to do.

02:51:08 24 MR. FLUMENBAUM: Well --

02:51:08 25 MR. SYLVESTER: He can tell me he doesn't

02:51:10 1 recall if he doesn't recall.

02:51:13 2 MR. FLUMENBAUM: The only thing that's not
02:51:16 3 privilege is the memo itself. So ask --

02:51:18 4 MR. SYLVESTER: That's the question I
02:51:19 5 asked.

02:51:22 6 MR. FLUMENBAUM: All right. Let's make
02:51:23 7 sure that it's not a privileged communication. Want
02:51:29 8 to repeat the question.

02:51:30 9 MR. SYLVESTER: Sure.

02:51:31 10 THE WITNESS: Repeat the question.

02:51:31 11 BY MR. SYLVESTER:

02:51:31 12 Q. From reading the October 2012 Perkins Coie
02:51:33 13 memo, did you understand that what Ripple said
02:51:35 14 publicly about XRP was a factor in the securities
02:51:38 15 law analysis?

02:51:43 16 MR. FLUMENBAUM: Objection as to form.

02:51:44 17 THE WITNESS: Yes.

02:51:45 18 BY MR. SYLVESTER:

02:51:49 19 Q. After reading the Perkins Coie memo, what
02:51:52 20 steps, if any, did you take to conform Ripple's
02:51:56 21 marketing efforts to the advice of the October 2012
02:52:00 22 Perkins Coie memo?

02:52:04 23 MR. FLUMENBAUM: Objection as to form.

02:52:05 24 MR. CERESNEY: You can answer it. You can
02:52:06 25 answer the question. It's not seeking -- just to be

02:52:09 1 clear, obviously any legal advice you got you should
02:52:12 2 not reveal. If the question can be answered without
02:52:16 3 revealing or drawing upon advice you got from
02:52:20 4 counsel, you can answer the question.

02:52:23 5 THE WITNESS: We were comfortable with our
02:52:25 6 plans, our go-forward plans in terms of how the
02:52:29 7 company marketed itself. We made changes based on
02:52:33 8 the memo on other elements.

02:52:36 9 BY MR. SYLVESTER:

02:52:36 10 Q. What changes did you make based on the
02:52:38 11 memo?

02:52:42 12 A. So Jed had raised [REDACTED] for the
02:52:49 13 project. It was his plan to pay that in any
02:52:56 14 currency that was developed. The memo made it clear
02:52:59 15 that we shouldn't do that and we didn't do that.

02:53:17 16 Q. Did you take any steps with respect to
02:53:19 17 the -- with respect to Ripple's public statements
02:53:22 18 about XRP as a result of what you read in the
02:53:24 19 October 2012 Perkins Coie memo?

02:53:27 20 MR. FLUMENBAUM: Objection as form. And
02:53:29 21 again, if you -- only if you recall.

02:53:34 22 MR. CERESNEY: I think the other thing I'm
02:53:35 23 going to say is to the extent that Mr. Larsen can
02:53:38 24 recall what was in the memo, sitting here today.
02:53:41 25 That's another question. I don't know whether

02:53:43 1 Mr. Larsen, you know, has in his mind what was in
02:53:46 2 the memo. So basically if he can answer it, great.
02:53:49 3 But --

02:53:50 4 THE WITNESS: Can you point to what you're
02:53:51 5 talking about?

02:53:52 6 BY MR. SYLVESTER:

02:53:52 7 Q. Let me ask you a question.

02:53:54 8 From reading the October 2012 memo, did
02:53:57 9 you have an understanding that if Ripple promoted
02:54:00 10 XRP as an investment, that would have an impact on
02:54:02 11 the securities law analysis?

02:54:04 12 A. Yes.

02:54:05 13 Q. Okay. Did you take any steps to conform
02:54:11 14 Ripple's marketing efforts to that understanding?

02:54:15 15 MR. FLUMENBAUM: Objection as to -- as to
02:54:18 16 form. You're asking, you know, from -- the memo is
02:54:25 17 dated October 2012. Life changes after
02:54:28 18 October 2012. Your question makes no sense by
02:54:32 19 itself.

02:54:34 20 BY MR. SYLVESTER:

02:54:35 21 Q. Do you understand my question?

02:54:36 22 A. Can you ask the question again, please?

02:54:40 23 Q. Sure.

02:54:47 24 MR. SYLVESTER: I lost it. Kat, will you
02:54:49 25 read it back, please.

02:54:51 1 (Record read by the reporter
02:54:51 2 as follows:

01:50:03 3 "QUESTION: From reading the
02:53:55 4 October 2012 memo, did you have an
02:53:58 5 understanding that if Ripple
02:53:59 6 promoted XRP as an investment,
02:54:01 7 that would have an impact on the
02:54:03 8 securities law analysis?

02:54:04 9 "ANSWER: Yes.

02:54:05 10 "QUESTION: Okay. Did you
02:54:06 11 take any steps to conform Ripple's
02:54:11 12 marketing efforts to that
02:54:14 13 understanding?")

02:55:19 14 MR. FLUMENBAUM: Again, objections. And,
02:55:20 15 again, no date in the question.

02:55:24 16 THE WITNESS: Yes. We conformed to the
02:55:28 17 advice given in that memo.

02:55:30 18 BY MR. SYLVESTER:

02:55:30 19 Q. In the October 2012 time frame, what steps
02:55:33 20 did you take to conform to that piece of advice in
02:55:36 21 the October 2012 memo?

02:55:39 22 A. Just what I said, that we were consistent
02:55:42 23 with that advice given.

02:55:44 24 Q. Did you make any changes on the basis of
02:55:46 25 that piece of advice in the October 2012 memo?

02:55:50 1 MR. FLUMENBAUM: Objection as to form.
02:55:52 2 Again, untethered in time in terms of the question.
02:55:56 3 And, again, I object to you asking him about a memo
02:55:59 4 without putting the memo in front of him.

02:56:02 5 THE WITNESS: I can't recall if any of
02:56:04 6 Jed's initial plans were in keeping with that.
02:56:08 7 Certainly the plans that we went forward with were
02:56:13 8 in -- conforming to that advice.

02:56:16 9 BY MR. SYLVESTER:

02:56:16 10 Q. Did you ever provide the Perkins Coie memo
02:56:18 11 to anybody in Ripple's marketing department?

02:56:24 12 MR. FLUMENBAUM: Objection as to form.

02:56:24 13 THE WITNESS: I can't recall.

02:56:25 14 BY MR. SYLVESTER:

02:56:25 15 Q. Was it important to you that Ripple follow
02:56:32 16 the advice in the Perkins Coie memo with respect to
02:56:36 17 statements about XRP?

02:56:38 18 MR. FLUMENBAUM: Objection as to form.

02:56:42 19 Again, when?

02:56:45 20 MR. SYLVESTER: Was it important to him?
02:56:46 21 Was there a time that it was and a time that it
02:56:49 22 wasn't? Let him answer the question, Marty.

02:56:52 23 MR. FLUMENBAUM: Your question is vague.

02:56:53 24 BY MR. SYLVESTER:

02:56:54 25 Q. Do you understand the question?

02:56:55 1 A. Well, it would be helpful if you were more
02:56:58 2 specific in statements. What do you mean by
02:57:02 3 "statements"?

02:57:03 4 Q. Okay. Fair enough. I meant Ripple's
02:57:13 5 public statements. Let me rephrase.

02:57:15 6 Was it important to you that Ripple
02:57:16 7 followed the advice in the Perkins Coie memo with
02:57:18 8 respect to Ripple's public statements about XRP?

02:57:23 9 MR. FLUMENBAUM: Objection, 'cause again
02:57:24 10 you're not defining what the memo said with respect
02:57:26 11 to public statements. And you're relying on his
02:57:30 12 memory relating to a memo nine years and you're
02:57:33 13 expecting a meeting of the minds. And I'm objecting
02:57:37 14 as to form.

02:57:38 15 MR. SYLVESTER: This is truly the longest
02:57:40 16 speaking objection. Just say "objection form." You
02:57:42 17 know the rules, Marty. This is really frustrating.

02:57:44 18 MR. FLUMENBAUM: I'm trying to get you to
02:57:45 19 ask a more specific question, Mark.

02:57:48 20 MR. SYLVESTER: Mr. Larson just told me
02:57:48 21 what he was confused about and I rephrased.

02:57:52 22 MR. FLUMENBAUM: All right. I'm just
02:57:52 23 going to make objections as to form. But I want to
02:57:54 24 have a continuing objection to -- because there's no
02:57:57 25 meeting of the minds in connection with your

02:57:59 1 question and his answer.

02:58:01 2 MR. SYLVESTER: You can't -- no. You
02:58:03 3 can't have that continuing objection Mr. Larsen
02:58:05 4 doesn't understand each and every question that I
02:58:07 5 ask.

02:58:07 6 MR. FLUMENBAUM: I'm going to object as to
02:58:09 7 form. The basis for the form is that you're not
02:58:11 8 showing him the statements that you're referring to,
02:58:15 9 you know, in the memo which form the basis of your
02:58:18 10 question generalized the way you're articulating it.

02:58:23 11 So, you know, we don't know what
02:58:25 12 statements you're talking about, we don't know what
02:58:27 13 the memo says, and --

02:58:29 14 MR. SYLVESTER: Mr. Larsen has told me
02:58:31 15 what the memo says. He has a recollection, sitting
02:58:32 16 here today. I asked him the question and he
02:58:35 17 answered it. We're wasting time.

02:58:37 18 Kat, can you read back the last --

02:58:41 19 MR. FLUMENBAUM: Objection as to form.

02:58:41 20 MR. SYLVESTER: Great. Kat, can you read
02:58:43 21 back the last question, please.

02:58:44 22 (Record read by the reporter
02:58:44 23 as follows:

02:59:00 24 "QUESTION: Was it important
02:59:00 25 to you that Ripple followed the

02:59:00 1 advice in the Perkins Coie memo
02:59:00 2 with respect to Ripple's public
02:59:00 3 statements about XRP?")

02:59:02 4 THE WITNESS: Yes.

02:59:06 5 BY MR. SYLVESTER:

02:59:06 6 Q. When you were CEO, did you view it your
02:59:13 7 responsibility to make sure that Ripple followed the
02:59:16 8 advice given in the Perkins Coie memo with respect
02:59:18 9 to Ripple's public statements about XRP?

02:59:21 10 MR. FLUMENBAUM: Objection as to form.

02:59:25 11 THE WITNESS: Yes. As CEO and also
02:59:26 12 important for the leadership group of the company to
02:59:29 13 follow.

02:59:30 14 BY MR. SYLVESTER:

02:59:30 15 Q. Who's within that leadership group?

02:59:36 16 A. Leadership group changes over time, but it
02:59:39 17 would be essentially my direct reports.

02:59:50 18 Q. Did you take any steps to monitor whether
02:59:53 19 or not Ripple's public statements were in conformity
02:59:57 20 with Perkins Coie's advice from the time of the memo
03:00:02 21 throughout the time you were CEO?

03:00:06 22 MR. FLUMENBAUM: Objection as to form.

03:00:07 23 THE WITNESS: I'm sorry, is the
03:00:08 24 question -- the first part, did I take steps or --
25 / /

03:00:11 1 BY MR. SYLVESTER:

03:00:12 2 Q. Exactly.

03:00:13 3 A. Yes. Hiring, most importantly, the right
03:00:16 4 team that understands the important of compliance.

03:00:22 5 Q. Is it fair to say you delegated the
03:00:23 6 monitoring of Ripple's public statements to folks on
03:00:27 7 your team?

03:00:28 8 MR. FLUMENBAUM: Objection as to form.

03:00:31 9 THE WITNESS: In the same way that any CEO
03:00:33 10 delegates certain responsibilities to certain team
03:00:36 11 members.

03:00:36 12 BY MR. SYLVESTER:

03:00:36 13 Q. Who on your team was in charge of
03:00:39 14 monitoring Ripple's public statements for conformity
03:00:42 15 with Perkins Coie's advice?

03:00:45 16 MR. FLUMENBAUM: Objection as to form.
03:00:46 17 We're now going way beyond -- now you're assuming
03:00:49 18 that the people --

03:00:50 19 MR. SYLVESTER: I thought we agreed no
03:00:51 20 speaking objections.

03:00:52 21 MR. FLUMENBAUM: But --

03:00:53 22 MR. SYLVESTER: I hear your form
03:00:55 23 objection.

03:00:55 24 BY MR. SYLVESTER:

03:00:55 25 Q. Mr. Larsen --

03:00:55 1 MR. FLUMENBAUM: Go ahead. Objection as
03:00:55 2 to form.

03:00:55 3 BY MR. SYLVESTER:

03:00:55 4 Q. -- if you don't understand the question,
03:00:56 5 please tell me.

03:00:57 6 MR. SYLVESTER: He has, thank you.

03:00:59 7 THE WITNESS: Among others, that would be
03:01:00 8 your compliance team.

03:01:02 9 BY MR. SYLVESTER:

03:01:03 10 Q. Okay. Which others?

03:01:09 11 A. Well, legal. Across the company. But
03:01:14 12 it's your compliance folks that help the -- all the
03:01:18 13 team members understand those issues.

03:01:20 14 Q. Okay. Now moving forward to the time
03:01:22 15 where you're no longer CEO, you're chairman of the
03:01:25 16 board, did you take any steps at that point in time
03:01:28 17 to ensure that Ripple's public statements conformed
03:01:31 18 with Perkins Coie's advice?

03:01:33 19 MR. FLUMENBAUM: Objection as to form. No
03:01:37 20 foundation for that question.

03:01:40 21 BY MR. SYLVESTER:

03:01:40 22 Q. Go ahead.

03:01:41 23 A. My role as chairman is making sure those
03:01:48 24 compliance matters in -- consistently with what the
03:01:52 25 board's responsibilities are. The bulk of that, of

03:01:55 1 course, is the job of the management and leadership
03:01:59 2 team.

03:02:05 3 Q. For clarity, who is within the management
03:02:06 4 and leadership team you just referenced?

03:02:09 5 MR. FLUMENBAUM: Objection as to form.
03:02:11 6 You may answer.

03:02:11 7 THE WITNESS: That's the role of the CEO
03:02:13 8 and the CEO's leadership team. There's only one CEO
03:02:17 9 in a company. We've always been very careful that
03:02:22 10 people didn't view the chairman as sort of a second
03:02:25 11 CEO. There's one CEO. They're the ones who are
03:02:29 12 leading, building the team and ensuring all the
03:02:34 13 proper requirements for the company are executed.

03:02:50 14 BY MR. SYLVESTER:

03:02:50 15 Q. Did you understand, from your review of
03:02:51 16 the October 2012 Perkins Coie memo, that the
03:02:54 17 motivations of purchasers of XRP were relevant in
03:02:57 18 determining the securities law analysis?

03:03:00 19 MR. FLUMENBAUM: Objection as to form.

03:03:02 20 What -- when was it relevant? What time
03:03:04 21 period are you talking about?

03:03:09 22 MR. SYLVESTER: I'm asking -- I'm asking
03:03:12 23 whether he understood a fact, which -- after having
03:03:15 24 read it.

25 / /

03:03:17 1 BY MR. SYLVESTER:

03:03:17 2 Q. So after having read the memo, did you
03:03:20 3 understand that -- from reading the memo, that the
03:03:24 4 motivations of purchasers of XRP were relevant in
03:03:27 5 determining the securities law analysis?

03:03:30 6 MR. FLUMENBAUM: Objection as to form.

03:03:33 7 THE WITNESS: What I understood is there
03:03:34 8 were certain recommendations that were made to
03:03:39 9 address the risk and we followed those
03:03:43 10 recommendations.

03:03:44 11 BY MR. SYLVESTER:

03:03:44 12 Q. What recommendations to address the risk
03:03:46 13 did Ripple follow?

03:03:50 14 MR. FLUMENBAUM: Objections as to form.

03:03:51 15 THE WITNESS: Are you talking specifically
03:03:52 16 about 2012?

03:03:54 17 BY MR. SYLVESTER:

03:03:54 18 Q. I'm talking about specifically from the
03:03:55 19 October 2012 Perkins Coie memo.

03:03:57 20 A. Well --

03:04:00 21 MR. CERESNEY: Mark, you're now going to
03:04:01 22 get into recommendations in the memo. I think it's
03:04:03 23 really unfair to question him about the whole
03:04:06 24 recommendation memo without putting it in front of
03:04:06 25 him.

03:04:08 1 MR. SYLVESTER: I'm just asking based on
03:04:09 2 his memory. You sat here for 30 minutes as well as
03:04:11 3 I did.

03:04:12 4 MR. CERESNEY: Listen, you show him a
03:04:14 5 document, he gets to read it.

03:04:16 6 MR. SYLVESTER: No. I understand. I
03:04:16 7 didn't complain.

03:04:18 8 MR. CERESNEY: It's not for us to say --

03:04:18 9 MR. SYLVESTER: I didn't complain. But if
03:04:19 10 he has a memory sitting here today I'm entitled to
03:04:21 11 ask him.

03:04:22 12 MR. CERESNEY: Okay. Ask him.

03:04:23 13 MR. FLUMENBAUM: You gave him a 40-page
03:04:25 14 memo --

03:04:25 15 MR. SYLVESTER: Okay. All right. Enough,
03:04:26 16 Marty.

03:04:27 17 MR. FLUMENBAUM: -- before. There's no
03:04:27 18 basis for you to object to that nor did you during
03:04:31 19 the reading.

03:04:32 20 MR. SYLVESTER: That is what I -- just
03:04:34 21 came out of my mouth.

03:04:36 22 Kat, can you read back the question,
03:04:37 23 please.

03:04:38 24 (Record read by the reporter
03:04:38 25 as follows:

03:05:07 1 "QUESTION: What
03:05:07 2 recommendations to address the
03:05:07 3 risk did Ripple follow?")

03:05:07 4 THE REPORTER: There were some objections
03:05:07 5 and you asked the question --

03:05:07 6 (Record read by the reporter
03:05:07 7 as follows:

03:05:07 8 "THE WITNESS: Are you
03:03:51 9 talking specifically about 2012?

03:03:54 10 "QUESTION: I'm talking about
03:03:54 11 specifically from the October 2012
03:03:56 12 Perkins Coie memo.")

03:05:09 13 MR. FLUMENBAUM: Again, objections.

03:05:11 14 THE WITNESS: Qualifying question is, are
03:05:12 15 you talking -- I understand you're talking about the
03:05:14 16 memo in 2012, but are you talking about in the
03:05:19 17 period 2012, which is important?

03:05:22 18 BY MR. SYLVESTER:

03:05:23 19 Q. You testified that you followed the memo's
03:05:24 20 recommendations. I just want to know which
03:05:27 21 recommendations that were -- that you followed.
03:05:30 22 Uncabined by time frame.

03:05:34 23 MR. FLUMENBAUM: Objection as to form.

03:05:36 24 THE WITNESS: Well, yeah. I think the
03:05:37 25 time frame is important because the market evolves

03:05:39 1 over time as you have key -- the key regulator being
03:05:43 2 announced in 2013, for example, which is FinCEN and
03:05:48 3 treasury, when they came out with their
03:05:51 4 cryptocurrency guidance. That was an important
03:05:54 5 change in the market.

03:05:55 6 But yes, we did follow those key
03:06:00 7 recommendations to address that risk.

03:06:04 8 BY MR. SYLVESTER:

03:06:04 9 Q. Let me ask a different question.

03:06:06 10 Were there any steps that Ripple took to
03:06:08 11 determine the motivations of purchasers of XRP?

03:06:11 12 MR. FLUMENBAUM: Objection as to form.
03:06:13 13 Asked and answered.

03:06:15 14 THE WITNESS: And can you be more
03:06:18 15 specific? Are you talking about at the point where
03:06:21 16 the company was selling XRP?

03:06:24 17 BY MR. SYLVESTER:

03:06:25 18 Q. Yes.

03:06:26 19 A. Okay. Because it didn't sell, of course,
03:06:28 20 in 2012.

03:06:31 21 So by the time the company was selling,
03:06:33 22 you did have the FinCEN treasury guidance on
03:06:40 23 cryptocurrencies released, which made it very clear
03:06:42 24 that this industry was regulated by treasury and
03:06:45 25 that the key issues, as we always thought, were the

03:06:49 1 money transmission laws and making sure that we were
03:06:51 2 not issuers of prepaid access, making sure that we
03:06:54 3 were following the AML guidelines, the KYC
03:07:00 4 guidelines. Those rules were all about making sure
03:07:02 5 that we were preventing illegal activity in the
03:07:06 6 purchase of these currencies, and that's what we
03:07:10 7 did.

03:07:12 8 Q. Mr. Larsen, throughout your tenure as CEO,
03:07:14 9 Ripple's revenues overwhelmingly have been driven by
03:07:19 10 XRP sales; is that right?

03:07:21 11 MR. FLUMENBAUM: Objection as form.

03:07:24 12 THE WITNESS: Uh-huh. The proceeds that
03:07:26 13 have come into the company have been -- amount from
03:07:34 14 XRP sales.

03:07:36 15 BY MR. SYLVESTER:

03:07:36 16 Q. Okay. In light of that reality, weren't
03:07:43 17 you curious why purchasers were purchasing XRP?

03:07:47 18 MR. FLUMENBAUM: Objection as to form.

03:07:49 19 THE WITNESS: Again, the key regulator of
03:07:50 20 this industry, treasury, FinCEN, their guidance had
03:07:54 21 to do with AML, money transmission, and yes, we were
03:08:00 22 very focused on what the purpose was. It could not
03:08:02 23 be for illegal purposes because that would violate
03:08:05 24 AML, KYC laws which are the laws that address
03:08:10 25 currencies.

03:08:13 1 BY MR. SYLVESTER:

03:08:13 2 Q. When Ripple started selling XRP in 2013,
03:08:18 3 did it desire ever to sell more XRP?

03:08:23 4 MR. FLUMENBAUM: Objection as to form.

03:08:25 5 THE WITNESS: It has always been the
03:08:27 6 objective to sell and give away in the early days --
03:08:32 7 again give away has become spam. Once a market
03:08:39 8 has -- currency market has value, that's going to
03:08:42 9 happen. Selling then became really the only
03:08:48 10 reliable way of distributing the currency.

03:08:55 11 BY MR. SYLVESTER:

03:08:55 12 Q. When you were CEO, did Ripple monitor
03:08:58 13 social media comments about XRP?

03:09:01 14 MR. FLUMENBAUM: Objection as to form.

03:09:05 15 THE WITNESS: What time period?

03:09:06 16 BY MR. SYLVESTER:

03:09:06 17 Q. While you were CEO.

03:09:11 18 A. To a greater extent, as the company became
03:09:13 19 bigger, certainly, and we could afford a bigger
03:09:17 20 staff to monitor social media.

03:09:23 21 Q. During the time you were CEO, did Ripple
03:09:25 22 monitor XRP chat or other kinds of XRP community
03:09:28 23 forums?

03:09:29 24 MR. FLUMENBAUM: Objection as to form.

03:09:33 25 THE WITNESS: We certainly had people that

03:09:34 1 would keep an eye out on all kinds of things
03:09:38 2 happening in the market so that we had sufficient
03:09:42 3 knowledge of what was happening in these markets.

03:09:45 4 BY MR. SYLVESTER:

03:09:45 5 Q. And during the time you were CEO, did
03:09:49 6 Ripple monitor press articles about XRP?

03:09:51 7 MR. FLUMENBAUM: Objection as to form.

03:09:51 8 THE WITNESS: We tried to do our best with
03:09:54 9 the staff that we had to monitor all aspects of this
03:09:58 10 industry.

03:10:00 11 BY MR. SYLVESTER:

03:10:00 12 Q. Through the monitoring efforts that we
03:10:02 13 just described, did Ripple ever learn anything about
03:10:12 14 whether individuals were purchasing XRP for
03:10:14 15 speculative purposes?

03:10:17 16 MR. FLUMENBAUM: Objection as to form.

03:10:17 17 THE WITNESS: I think, as I mentioned
03:10:22 18 before, and I think most experts in the
03:10:23 19 cryptocurrency markets, and analysts, that the early
03:10:31 20 days speculation on where these technologies might
03:10:35 21 go was a big use case in these markets, generally.

03:10:49 22 BY MR. SYLVESTER:

03:10:49 23 Q. Is that true -- you said "the early days."
03:10:51 24 Is that true, what you just said, throughout the
03:10:53 25 time you were CEO?

03:10:55 1 MR. FLUMENBAUM: Objection as to form.

03:10:56 2 THE WITNESS: I think that's an evolving
03:10:59 3 situation. As more and more developers across the
03:11:02 4 cryptocurrency industry are building additional
03:11:05 5 applications.

03:11:06 6 BY MR. SYLVESTER:

03:11:06 7 Q. What percentage of XRP sales in 2013 do
03:11:10 8 you think was speculation?

03:11:14 9 MR. FLUMENBAUM: Objection as to form.

03:11:15 10 THE WITNESS: Again, what type of
03:11:16 11 speculation are you referring to?

03:11:18 12 BY MR. SYLVESTER:

03:11:18 13 Q. Anyone who is purchasing XRP with the hope
03:11:20 14 that the price will rise?

03:11:23 15 MR. FLUMENBAUM: Objection as to form.

03:11:24 16 THE WITNESS: I can ask a clarifying
03:11:25 17 question. Are you including store value in that
03:11:28 18 definition?

03:11:37 19 MR. FLUMENBAUM: I think Mr. Sylvester
03:11:38 20 needs Mr. Tenreiro's help on that.

03:11:41 21 MR. TENREIRO: Stop.

03:11:45 22 MR. SYLVESTER: I don't mind consulting
03:11:46 23 Mr. Tenreiro.

03:11:52 24 BY MR. SYLVESTER:

03:11:53 25 Q. Yeah, I guess I'm not sure, Mr. Larsen,

03:11:54 1 what you mean by "store value." So let's just say
03:12:00 2 it's 2013, Ripple is selling XRP, correct?

03:12:06 3 A. Okay. It's 2013.

03:12:07 4 Q. Okay. And Ripple sold XRP in 2013?

03:12:10 5 A. Yes.

03:12:10 6 Q. Do you have a sense, sitting here today,
03:12:12 7 of what percentage of XRP was purchased by
03:12:16 8 individuals or entities who purchased it because
03:12:19 9 they hoped that the price of XRP would rise?

03:12:24 10 MR. FLUMENBAUM: Objection as to form.
03:12:24 11 This has been asked and answered many times at this
03:12:27 12 point.

03:12:28 13 THE WITNESS: Again, though it's a very
03:12:29 14 important question around store value. The
03:12:37 15 definition of store value is holding one currency --
03:12:39 16 so we believe in holding one currency, is going to
03:12:44 17 hold value better vis-a-vis some other currency or
03:12:50 18 asset, is the definition of it. There are only
03:12:56 19 things of value in the world. And so you're always
03:12:59 20 going to have one thing of value vis-a-vis some
03:13:02 21 other thing of value. That's the definition of
03:13:04 22 stored value.

03:13:06 23 And the only reason somebody would engage
03:13:08 24 in store value is because they believe that one
03:13:12 25 thing will hold value better vis-a-vis some other

03:13:17 1 thing.

03:13:19 2 BY MR. SYLVESTER:

03:13:19 3 Q. Okay.

03:13:20 4 A. If I can add to that.

03:13:21 5 Q. Please.

03:13:22 6 A. It's a really important distinction, I
03:13:24 7 believe, in the cryptocurrency ecosystem. It's
03:13:28 8 pretty much why Bitcoin was created. And those were
03:13:32 9 the first people involved in the industry when XRP
03:13:37 10 was available. It's largely those same individuals
03:13:42 11 that were engaged in the XRP market. So my
03:13:47 12 assumption is that that was store value across the
03:13:52 13 board.

03:13:52 14 Q. Okay. In 2013, what percentages of --
03:13:59 15 what percentage of purchasers of XRP purchased XRP
03:14:02 16 because they believed that XRP would have a more
03:14:06 17 attractive store value in the future as compared to
03:14:10 18 other assets?

03:14:11 19 MR. FLUMENBAUM: Objection as to form.

03:14:14 20 THE WITNESS: So if you're -- sounds like
03:14:17 21 you are defining store value. I believe store value
03:14:21 22 was a major use case for cryptocurrencies,
03:14:26 23 particularly in the early years when Bitcoin was
03:14:31 24 first introduced.

25 / /

03:14:33 1 BY MR. SYLVESTER:

03:14:33 2 Q. Did you understand generally that if
03:14:42 3 Ripple did not follow the advice of counsel in
03:14:46 4 October 2012, that there might be a greater risk the
03:14:50 5 sales of XRP would be classified as securities?

03:14:52 6 MR. FLUMENBAUM: Objection as to form.

03:14:58 7 THE WITNESS: I mean, clearly following
03:15:01 8 proper compliance reduces risk in any endeavor.

03:15:14 9 BY MR. SYLVESTER:

03:15:14 10 Q. In general, is it important to
03:15:16 11 you -- strike that.

03:15:17 12 In general, when you were CEO, was it
03:15:19 13 important to you that Ripple complied with the law?

03:15:22 14 MR. FLUMENBAUM: Objection as to form.

03:15:23 15 THE WITNESS: Absolutely.

03:15:23 16 BY MR. SYLVESTER:

03:15:23 17 Q. And as chairman of the board, has it been
03:15:26 18 important to you that Ripple complies with the law?

03:15:28 19 MR. FLUMENBAUM: Objection as to form.

03:15:29 20 THE WITNESS: Absolutely.

03:15:37 21 BY MR. SYLVESTER:

03:15:37 22 Q. Did you view Ripple following the memo's
03:15:41 23 advice as equivalent to following the law?

03:15:46 24 MR. FLUMENBAUM: Object. Objection. And
03:15:49 25 you're -- if you want to show him some specifics in

03:15:53 1 that memo, show him the specifics in the memo.

03:15:56 2 These broad questions are ridiculous.

03:16:05 3 BY MR. SYLVESTER:

03:16:05 4 Q. You can answer.

03:16:09 5 A. It's the financial regulators that
03:16:12 6 determine compliance. That's the most important
03:16:14 7 thing.

03:16:21 8 Q. Outside of the October 2012 time frame,
03:16:27 9 did you ever review any part of the Perkins Coie
03:16:29 10 memo after that date?

03:16:32 11 MR. FLUMENBAUM: Objection, again, as to
03:16:35 12 form.

03:16:38 13 If you understand the question, please
03:16:39 14 answer?

03:16:40 15 THE WITNESS: Is your question did I
03:16:41 16 reread the memo later?

03:16:43 17 BY MR. SYLVESTER:

03:16:43 18 Q. Exactly.

03:16:47 19 MR. FLUMENBAUM: Take out of your answer
03:16:48 20 anything relating to this proceeding and in the
03:16:52 21 context of your deposition preparation.

03:16:57 22 THE WITNESS: Marty, I'm sorry, can you
03:16:58 23 repeat that? You were talking to me?

03:17:01 24 MR. FLUMENBAUM: Yeah.

03:17:02 25 MR. SYLVESTER: Yeah.

03:17:05 1 MR. FLUMENBAUM: The question that was
03:17:07 2 asked is excluding, and I'm telling to you
03:17:09 3 exclude -- he's asking whether you reread the
03:17:12 4 October 12th memo, but I'm instructing you not to
03:17:16 5 answer with respect to any time periods relating to
03:17:21 6 this investigation or lawsuit.

03:17:28 7 THE WITNESS: Okay. Thank you.

03:17:31 8 I don't recall specifically, but I will
03:17:33 9 say, though, that compliance in new technology
03:17:37 10 markets is very dynamic and maybe none more so than
03:17:41 11 in the cryptocurrency markets. When you had FinCEN
03:17:45 12 and treasury come out with their -- the first
03:17:48 13 guidance that they were going to be the key
03:17:50 14 regulator for the industry, that changes a lot of
03:17:54 15 things.

03:17:54 16 When you had Bitcoin no longer being able
03:17:57 17 to be mined by individuals, which meant it was much
03:18:03 18 more centralized than it started out to be, and
03:18:08 19 regulators seemed comfortable with that factor, that
03:18:12 20 changes things dramatically. There's many, many
03:18:15 21 other instances over the years that changed that
03:18:23 22 compliance needs and requirements and the way you
03:18:27 23 would think about being compliant in these markets.
03:18:30 24 And not just in the U.S. but globally.

03:18:36 25 MR. SYLVESTER: Let's take a look at

03:18:37 1 Exhibit 9, please.

03:18:38 2 (Whereupon, Deposition Exhibit CL-9
03:18:38 3 was marked for identification.)

03:19:04 4 THE WITNESS: I see. Now I'm going to
03:19:05 5 have to use my glasses.

03:19:11 6 BY MR. SYLVESTER:

03:19:12 7 Q. For the record, Exhibit 9 is three
03:19:14 8 paragraphs of text. This is how it was produced to
03:19:17 9 us. The metadata on the file was dated
03:19:20 10 February 2nd, 2013.

03:20:57 11 A. Okay.

03:21:00 12 Q. Mr. Larsen, did you -- did you write
03:21:02 13 this -- the text in Exhibit 9?

03:21:07 14 A. I don't recall this, but it looks like my
03:21:09 15 writing.

03:21:11 16 Q. Okay. Do you see in the second paragraph,
03:21:13 17 the second to last sentence, it says:

03:21:18 18 "The worst is being considered
03:21:20 19 a security - because securities can
03:21:21 20 be exchanged only by broker
03:21:23 21 dealers, wreaking the utility of a
03:21:25 22 currency."

03:21:26 23 Do you see that?

03:21:27 24 A. Yes.

03:21:27 25 Q. Is that a typo, should "wreaking" be

03:21:30 1 "wrecking"?

03:21:31 2 A. Yes.

03:21:32 3 Q. Okay.

03:21:38 4 MR. SYLVESTER: Okay. Let's take a look
03:21:40 5 at Exhibit 5, please.

03:21:42 6 (Whereupon, Deposition Exhibit CL-5
03:21:43 7 was marked for identification.)

03:21:44 8 THE WITNESS: Sorry, did you have a
03:21:45 9 question on this?

03:21:46 10 BY MR. SYLVESTER:

03:21:46 11 Q. Just those.

03:21:48 12 A. I'm sorry?

03:21:48 13 Q. Just the questions you just answered.

03:21:51 14 A. All right.

03:22:09 15 Q. So Exhibit 5 is one page of notes with a
03:22:18 16 one line continuation to the next page starting with
03:22:22 17 Bates ending 4066. And the metadata on this doc, I
03:22:27 18 can represent, is November 14th, 2012.

03:23:23 19 A. Okay.

03:23:23 20 Q. Mr. Larsen, did you write this document?

03:23:25 21 A. Not that I recall, but it looks like
03:23:28 22 something I might write.

03:23:30 23 Q. Okay.

03:23:31 24 MR. FLUMENBAUM: Don't guess. If you
03:23:33 25 don't recall writing it, then that's the answer, not

03:23:36 1 guessing.

03:23:36 2 THE WITNESS: I don't recall.

03:23:37 3 BY MR. SYLVESTER:

03:23:37 4 Q. Do you know whether or not this was
03:23:38 5 produced from your files?

03:23:41 6 A. I don't recall.

03:23:42 7 Q. Okay. I can represent, because of the
03:23:44 8 Bates stamp, that it was produced by your counsel.

03:23:46 9 A. Okay.

03:23:46 10 Q. But my question is do you know if it was
03:23:48 11 produced from your files?

03:23:50 12 A. Okay.

03:23:52 13 Q. Do you know?

03:23:54 14 MR. FLUMENBAUM: He could have something
03:23:55 15 in his files that he didn't write.

03:23:56 16 MR. SYLVESTER: I know --

03:23:57 17 MR. FLUMENBAUM: You asked him if he wrote
03:23:57 18 it.

03:23:57 19 MR. SYLVESTER: I asked -- I appreciate
03:23:59 20 that, Marty, I just didn't hear his answer.

03:24:01 21 BY MR. SYLVESTER:

03:24:01 22 Q. You may have answered the question,
03:24:03 23 Mr. Larsen, and I just didn't hear you.

03:24:05 24 Was this from your files?

03:24:07 25 A. I don't know.

03:24:08 1 Q. Okay.

03:24:09 2 A. Sure.

03:24:11 3 Q. Second line from the bottom on the first
03:24:12 4 page:

03:24:12 5 "If not currency, then could
03:24:14 6 be security that's impossible
03:24:16 7 because only BD can trade."
03:24:18 8 Do you see that?

03:24:19 9 A. I do.

03:24:20 10 Q. Okay. Do you understand what "BD" means
03:24:22 11 in that sentence?

03:24:23 12 A. Broker dealer, I believe.

03:24:25 13 Q. Okay.

03:24:42 14 MR. SYLVESTER: Let's look at Exhibit 30,
03:24:44 15 please.

03:24:51 16 (Whereupon, Deposition Exhibit CL-30
03:24:52 17 was marked for identification.)

03:26:15 18 THE WITNESS: Okay.

03:26:17 19 BY MR. SYLVESTER:

03:26:17 20 Q. For the record, Exhibit 30 is a thread of
03:26:21 21 emails. The top email is from [REDACTED], sent on
03:26:26 22 January 5th, 2015, to [REDACTED] and Mr. Larsen,
03:26:29 23 and I believe Phil Rapoport; is that right?

03:26:32 24 A. Yes.

03:26:32 25 Q. Okay. Who is [REDACTED]?

03:26:37 1 A. I believe he's the managing director of
03:26:40 2 [REDACTED], which is a private equity fund.

03:26:43 3 Q. Okay. Around this time, was [REDACTED]
03:26:46 4 exploring the possibility of setting up a fund for
03:26:49 5 selling XRP?

03:26:50 6 A. I believe that's correct.

03:26:54 7 Q. And Mr. [REDACTED] recommends, in the first line
03:27:00 8 of the top email, getting a letter from a lawyer
03:27:03 9 saying we do not think XRP is a security; is that
03:27:06 10 right?

03:27:07 11 A. Yes.

03:27:09 12 Q. Okay. Did Ripple ultimately get such a
03:27:11 13 letter?

03:27:13 14 A. I believe we did.

03:27:16 15 Q. Okay. Did you have any involvement in
03:27:17 16 that decision?

03:27:19 17 A. Not that I can recall.

03:27:21 18 Q. Okay. Looking at the bottom email on the
03:27:35 19 first page, or really second from bottom, from [REDACTED]
03:27:38 20 [REDACTED], he says:

03:27:39 21 "Thanks so much. Do you know
03:27:40 22 if SEC has decided not to
03:27:42 23 regular -- regular XRP or Bitcon
03:27:45 24 and now treasury regulates/will XRP
03:27:49 25 be ever considered a security which

03:27:51 1 needs SEC approval?"

03:27:56 2 I think I read that correctly.

03:27:57 3 Did you understand, when you read this,
03:27:58 4 "regular" to mean "regulate"?

03:28:02 5 A. I don't think this email was to me, was
03:28:03 6 it?

03:28:04 7 Q. Sure. You're on the thread. Did you read
03:28:06 8 it when you received it?

03:28:07 9 A. Not that I can recall.

03:28:08 10 Q. Okay. Do you recall reading the middle
03:28:14 11 email from [REDACTED].com?

03:28:18 12 A. Not that I can recall.

03:28:20 13 Q. Do you have any recollection of anyone
03:28:22 14 conveying to you that [REDACTED] had said:

03:28:24 15 "One certainly can create a
03:28:27 16 security by packaging virtual
03:28:29 17 currency"?

03:28:30 18 A. I'm sorry, what's the question there
03:28:32 19 again?

03:28:35 20 Q. Do you have any recollection of anyone
03:28:36 21 conveying to you that [REDACTED] had said:

03:28:38 22 "One can certainly create a
03:28:41 23 security by packaging virtual
03:28:43 24 currency"?

03:28:45 25 MR. FLUMENBAUM: Objection as to form.

03:28:47 1 THE WITNESS: I don't recall if somebody
03:28:48 2 mentioned that exact message to me.

03:28:58 3 BY MR. SYLVESTER:

03:28:58 4 Q. Did [REDACTED] -- strike that.

03:28:59 5 Do you understand [REDACTED] is a law
03:29:03 6 firm?

03:29:04 7 MR. FLUMENBAUM: Objection as to form.

03:29:05 8 THE WITNESS: Yes.

03:29:05 9 BY MR. SYLVESTER:

03:29:05 10 Q. Okay. Did [REDACTED] -- strike that.

03:29:09 11 Outside of this email, did [REDACTED]
03:29:12 12 provide any advice to Ripple?

03:29:18 13 A. Not to my knowledge. I don't know.

03:29:22 14 Q. Sitting here today, you can't recall
03:29:24 15 Ripple engaging [REDACTED] for anything?

03:29:28 16 MR. FLUMENBAUM: Objection. Asked and
03:29:29 17 answered.

03:29:29 18 THE WITNESS: It's possible, but not that
03:29:30 19 I can recall.

03:29:32 20 BY MR. SYLVESTER:

03:29:32 21 Q. Okay. Did Ripple ultimately obtain a memo
03:29:46 22 from Paul Hastings with respect to XRP status under
03:29:51 23 the securities laws?

03:29:58 24 MR. FLUMENBAUM: Objection as to form.

03:29:58 25 You may answer.

03:29:59 1 THE WITNESS: Yes. To the best of my
03:30:00 2 knowledge.

03:30:00 3 BY MR. SYLVESTER:

03:30:00 4 Q. Did you read that memo?

03:30:01 5 A. Not that I can recall.

03:30:04 6 Q. Okay. Did others at Ripple convey to you
03:30:07 7 what was in the Paul Hastings memo?

03:30:10 8 MR. FLUMENBAUM: Objection as to form.

03:30:10 9 And I instruct you not to answer to the
03:30:15 10 extent that the question involves communications
03:30:21 11 with either Ripple in-house counsel or outside
03:30:25 12 counsel.

03:30:28 13 THE WITNESS: Not that I can recall.

03:30:31 14 BY MR. SYLVESTER:

03:30:31 15 Q. Other than in connection with the SEC's
03:30:40 16 investigation or this litigation, did you ever come
03:30:43 17 to learn what was in the Paul Hastings' memo?

03:30:47 18 A. To the best of my recollection, it was
03:30:50 19 a -- confirmed everything we -- we thought.

03:30:54 20 Q. When you say "confirmed everything we
03:30:55 21 thought," what is "everything we thought" in that
03:30:58 22 response?

03:30:59 23 A. That XRP is a currency and it's proper
03:31:03 24 regulation is as a currency.

03:31:07 25 Q. I see.

03:31:08 1 So your understanding is that the Paul
03:31:13 2 Hastings' memo said that Ripple should be -- strike
03:31:13 3 that.

03:31:14 4 Your understanding is the Paul Hastings
03:31:16 5 memo said that XRP was properly classified as a
03:31:20 6 currency?

03:31:22 7 MR. CERESNEY: Hold on. Hold on.

03:31:23 8 You're answering this question separate
03:31:24 9 and apart anything you learned from counsel; is that
03:31:27 10 right?

03:31:33 11 THE WITNESS: Well, now I'm -- I mean, the
03:31:34 12 memo is from counsel, isn't it?

03:31:37 13 MR. CERESNEY: Right. But you said you
03:31:38 14 don't recall reviewing the memo, right? And so now
03:31:41 15 he's asking you, you got a report on the memo, you
03:31:44 16 said yes. Now he's asking you for your
03:31:46 17 understanding of the memo.

03:31:48 18 THE WITNESS: Oh.

03:31:49 19 MR. CERESNEY: And the question is did you
03:31:50 20 get that understanding from anybody other than
03:31:52 21 counsel, and I would instruct you not to give an
03:31:55 22 answer --

03:31:55 23 THE WITNESS: I understand.

03:31:55 24 MR. CERESNEY: -- that implicates your
03:31:56 25 discussions with counsel.

03:31:57 1 THE WITNESS: I see. Okay. I understand.

03:32:00 2 Yeah, it's hard for me to remember whether
03:32:02 3 or not that was learned outside of counsel or within
03:32:05 4 counsel, so I'll follow counsel's advice.

03:32:10 5 BY MR. SYLVESTER:

03:32:14 6 Q. Okay. I just want to make the record
03:32:16 7 clear. At some point prior to the SEC's
03:32:18 8 investigation, you came to learn the contents of the
03:32:21 9 Paul Hastings' memo; is that correct?

03:32:23 10 MR. FLUMENBAUM: Objection as to form.

03:32:25 11 THE WITNESS: To the best of my
03:32:27 12 recollection, yes.

03:32:28 13 BY MR. SYLVESTER:

03:32:28 14 Q. And your testimony is that you can't
03:32:30 15 recall, sitting here today, whether or not the way
03:32:33 16 in which you learned the contents of the memo was
03:32:35 17 through counsel?

03:32:37 18 A. I can't recall.

03:32:38 19 Q. Okay. At the time of the January 2015
03:32:48 20 email, what was Ripple's relationship, if any, with
03:32:52 21 [REDACTED]?

03:32:56 22 A. I believe that they were an investor in
03:32:58 23 the company, and we were separately discussing their
03:33:08 24 setting up of an XRP fund.

03:33:13 25 Q. Were they also XRP purchasers at the time?

03:33:19 1 A. I don't recall if they had purchased XRP
03:33:22 2 at that time.

03:33:23 3 Q. And [REDACTED] ultimately did purchase XRP?

03:33:28 4 A. They did.

03:33:29 5 Q. Approximately how much, in dollars?

03:33:39 6 A. Probably -- yeah, I don't recall the exact
03:33:43 7 number.

03:33:46 8 Q. Was it in the millions?

03:33:49 9 A. I believe it was in the single digit
03:33:51 10 millions.

03:34:02 11 Q. Do you have an understanding of why Ripple
03:34:06 12 engaged Paul Hastings to opine on XRP securities law
03:34:12 13 status as opposed to going back to Perkins Coie?

03:34:14 14 MR. FLUMENBAUM: Objection as to form.
03:34:14 15 And, again, instruction not to discuss anything that
03:34:19 16 you may have learned from counsel or discussions
03:34:21 17 with counsel relating to that issue.

03:34:28 18 THE WITNESS: Perkins Coie was, I think,
03:34:29 19 the very first law firm that got involved in the
03:34:33 20 cryptocurrency space way back in 2012, 2011, even.
03:34:37 21 Subsequent to that, though, as the industry grew up
03:34:40 22 and became global, boy, just about every law firm
03:34:46 23 had a cryptocurrency practice.

03:34:51 24 BY MR. SYLVESTER:

03:34:51 25 Q. Do you have an understanding of why Paul

03:34:53 1 Hastings in particular was retained?

03:34:55 2 MR. FLUMENBAUM: Objection as to form.

03:34:56 3 THE WITNESS: Paul Hastings, as far as I
03:34:58 4 know, has an outstanding reputation.

03:35:01 5 BY MR. SYLVESTER:

03:35:01 6 Q. Did you typically read the emails that
03:35:08 7 were sent to you by Ripple's investors?

03:35:11 8 MR. FLUMENBAUM: Objection as to form.

03:35:17 9 THE WITNESS: Yeah. Typically.

03:35:20 10 BY MR. SYLVESTER:

03:35:20 11 Q. Are you familiar -- are you familiar with
03:35:24 12 a publication by [REDACTED] regarding a securities
03:35:29 13 law framework for blockchain tokens that was
03:35:32 14 published around December 2016?

03:35:36 15 A. Is this the Coinbase index you're
03:35:41 16 referring to or is it something else?

03:35:44 17 Q. Something in that time frame was published
03:35:45 18 by [REDACTED].

03:35:50 19 A. I can't recall, but [REDACTED] --

03:35:54 20 MR. FLUMENBAUM: Do you want to show him a
03:35:56 21 document?

03:35:56 22 BY MR. SYLVESTER:

03:35:57 23 Q. What was it that you were about to say
03:35:58 24 about [REDACTED]?

03:36:00 25 A. [REDACTED] is a Bitcoin maximalist

03:36:03 1 organization, so ...

03:36:13 2 Q. Do you recall reading -- do you recall
03:36:18 3 asking Ms. O'Gorman to prepare a report about the
03:36:25 4 application of the securities laws to digital
03:36:29 5 assets?

03:36:31 6 MR. FLUMENBAUM: Objection as to form.

03:36:32 7 THE WITNESS: I don't recall.

03:36:32 8 BY MR. SYLVESTER:

03:36:32 9 Q. Do you recall Ms. O'Gorman giving a
03:36:44 10 presentation to Ripple employees about the
03:36:49 11 application of the securities laws to digital
03:36:52 12 assets?

03:36:52 13 A. I don't recall.

03:36:59 14 Q. Just for the record, Ms. O'Gorman is
03:37:00 15 Ripple's former CCO; is that correct?

03:37:06 16 A. Yeah, I believe that was her title.

03:37:11 17 MR. FLUMENBAUM: Your mask. Thank you.

03:37:13 18 BY MR. SYLVESTER:

03:37:14 19 Q. Mr. Larsen, are you familiar with the DAO
03:37:18 20 report?

03:37:19 21 MR. FLUMENBAUM: Again, in answering that
03:37:22 22 question, please omit anything you may have learned
03:37:25 23 from counsel to Ripple or your own counsel
03:37:30 24 subsequent to the investigation in this matter.

03:37:35 25 THE WITNESS: Yes.

03:37:36 1 BY MR. SYLVESTER:

03:37:36 2 Q. Okay. Did you read the DAO report around
03:37:41 3 the time it was published?

03:37:43 4 A. I can't recall.

03:37:44 5 Q. Okay. Did you familiarize yourself with
03:37:46 6 what was in the DAO report around the time it was
03:37:49 7 published?

03:37:51 8 A. Our compliance team relayed that to the
03:37:55 9 leadership team.

03:37:58 10 Q. Was that Ms. O'Gorman at the time?

03:37:59 11 A. I can't recall.

03:38:00 12 Q. Okay. Apart from any steps you might have
03:38:16 13 taken in connection with the SEC's investigation or
03:38:18 14 litigation, setting that aside, did you ever read
03:38:22 15 the DAO report?

03:38:26 16 A. I -- I understand the -- the key points of
03:38:35 17 it, but I can't recall where I learned of those key
03:38:39 18 points.

03:38:41 19 Q. Did you learn those key points around the
03:38:43 20 time it was published?

03:38:47 21 A. That's my recollection.

03:38:56 22 Q. Did the DAO report discuss the Howey test?

03:38:59 23 MR. FLUMENBAUM: Objection as to form.

03:39:04 24 THE WITNESS: I don't recall.

25 / /

03:39:04 1 BY MR. SYLVESTER:

03:39:04 2 Q. Okay. Around the time that you learned
03:39:07 3 the key points regarding the DAO report, just yes or
03:39:13 4 no, did you discuss the contents of the DAO report
03:39:15 5 with counsel?

03:39:19 6 A. Not that I can recall.

03:39:24 7 Q. Did there ever come a time when you
03:39:26 8 discussed the contents of the DAO report with
03:39:28 9 counsel?

03:39:29 10 MR. FLUMENBAUM: Objection. Exclude from
03:39:30 11 your answer any communications you might have had
03:39:32 12 relating to this investigation or this proceeding.

03:39:38 13 THE WITNESS: I don't think I can
03:39:38 14 delineate, then, between now and then.

03:39:47 15 BY MR. SYLVESTER:

03:39:47 16 Q. After you learned the key points in the
03:39:50 17 DAO report, did you take any steps based on what you
03:39:57 18 had learned?

03:39:59 19 MR. FLUMENBAUM: Objection. Objection as
03:40:00 20 to form.

03:40:01 21 THE WITNESS: Well, no. We didn't have
03:40:03 22 to. The United States government already declared
03:40:06 23 XRP to be a currency, and my understanding is that
03:40:08 24 it is exempt from the securities laws.

25 / /

03:40:12 1 BY MR. SYLVESTER:

03:40:12 2 Q. When you say "the United States government
03:40:16 3 already declared XRP to be a currency," are you
03:40:18 4 referring to Ripple's settlement with FinCEN?

03:40:20 5 A. Yes.

03:40:23 6 Q. Okay. Did anyone at FinCEN ever tell
03:40:27 7 anyone at Ripple that because FinCEN said XRP was a
03:40:31 8 virtual currency, XRP sales could not be classified
03:40:35 9 as securities?

03:40:36 10 MR. FLUMENBAUM: Objection as to form.

03:40:37 11 THE WITNESS: It is my understanding that
03:40:38 12 that was an official United States government
03:40:43 13 declaration that XRP is a currency. It's my
03:40:49 14 understanding that currencies are exempt from U.S.
03:40:52 15 securities laws.

03:40:55 16 BY MR. SYLVESTER:

03:40:55 17 Q. What is your understanding that a currency
03:40:57 18 is exempt from U.S. securities laws based on?

03:41:01 19 MR. FLUMENBAUM: Objection. Again,
03:41:03 20 instruction not to answer if your understanding is
03:41:05 21 based on communications with counsel. And I'm also
03:41:09 22 asking you to exclude anything you might have
03:41:11 23 learned in connection with the investigation or this
03:41:15 24 proceeding.

03:41:17 25 THE WITNESS: It's my understanding that

03:41:18 1 it's explicitly stated in the 33 and 34, I'm not
03:41:23 2 sure which one, Acts.

03:41:26 3 BY MR. SYLVESTER:

03:41:26 4 Q. And how did you obtain that understanding?

03:41:32 5 MR. FLUMENBAUM: Again, instruction not to
03:41:32 6 answer if it's based on discussions with counsel.

03:41:38 7 THE WITNESS: I can't delineate on whether
03:41:39 8 or not that was learned with or without counsel.

03:41:43 9 BY MR. SYLVESTER:

03:41:43 10 Q. Did you ever read those provisions of the
03:41:45 11 33 and 34 Acts that you just referenced?

03:41:48 12 A. I believe I have.

03:41:52 13 Q. When did you read them?

03:41:56 14 A. I don't recall a date.

03:42:00 15 Q. Did you read them -- strike that.

03:42:02 16 The FinCEN settlement was in 2015; is that
03:42:04 17 right?

03:42:05 18 A. Yes. That's correct.

03:42:07 19 Q. Did you read those provisions of the 33
03:42:09 20 and 34 act as early as 2015?

03:42:14 21 A. I'm sorry, can you repeat that, please.

03:42:16 22 Q. Sure. Did you read those provisions of
03:42:19 23 the 33 and 34 act as early as 2015?

03:42:25 24 A. I believe so.

03:42:28 25 Q. Okay. Have you ever read Howey, the

03:42:31 1 opinion?

03:42:33 2 A. I can't recall if I read the whole thing.

03:42:37 3 Q. Have you read parts of Howey?

03:42:39 4 A. Well, I can't -- I can't recall if it's
03:42:42 5 parts of some document referred to as Howey or if
03:42:46 6 it's a summary of the conclusions.

03:42:53 7 Q. Okay. Do you recall reading a document
03:42:54 8 that was a summary of Howey's conclusions?

03:42:57 9 MR. FLUMENBAUM: Again, I'm going to
03:42:58 10 instruct you not to answer to the extent that
03:43:01 11 that -- that that summary was prepared by counsel or
03:43:09 12 given to you in connection with this case.

03:43:12 13 THE WITNESS: Yeah, I can't delineate
03:43:13 14 whether that was learned with or without counsel.

03:43:16 15 BY MR. SYLVESTER:

03:43:16 16 Q. Okay. Did anyone at FinCEN ever tell
03:43:20 17 anyone at Ripple that because FinCEN said XRP was a
03:43:23 18 virtual currency, XRP sales could not also be
03:43:26 19 classified as securities?

03:43:28 20 MR. FLUMENBAUM: Objection as to form.
03:43:29 21 Asked and answered.

03:43:31 22 You may answer it again.

03:43:33 23 THE WITNESS: Some months after the
03:43:35 24 settlement, we spoke at a conference put on by the
03:43:41 25 San Francisco Federal Reserve that included Jennifer

03:43:44 1 Shasky, who was the head of FinCEN at the time, and
03:43:50 2 also included representatives from the SEC, among
03:43:53 3 other regulators.

03:43:55 4 And in that, her presentation, Jennifer
03:43:57 5 Shasky's, she did speak about how that experience
03:44:05 6 specifically that we went through made us
03:44:07 7 stronger -- made us more regulatory compliant, would
03:44:10 8 have been a good thing for our company.

03:44:14 9 And the notable SEC person, also on that
03:44:20 10 panel, didn't correct or didn't change anything. I
03:44:24 11 was sitting right in front of them, so ...

03:44:27 12 BY MR. SYLVESTER:

03:44:27 13 Q. When was this?

03:44:30 14 A. This would have been the second half of
03:44:31 15 2015.

03:44:36 16 Q. Other than what you just described, did
03:44:38 17 anyone at FinCEN ever give you any comfort that
03:44:43 18 because FinCEN called XRP a virtual currency, XRP
03:44:47 19 sales could not be classified as securities?

03:44:49 20 MR. FLUMENBAUM: Other than the documents
03:44:50 21 themselves? The settlement that --

03:44:56 22 MR. SYLVESTER: Sure.

03:44:57 23 BY MR. SYLVESTER:

03:44:57 24 Q. I'm talking about any communication
03:44:58 25 whatsoever.

03:45:00 1 A. Well, yes. As part of the settlement,
03:45:04 2 there was a press release that FinCEN and the
03:45:07 3 Department of Justice put out about the settlement,
03:45:11 4 publicly.

03:45:13 5 Q. Okay. And it's your understanding that
03:45:15 6 that addressed the topic of whether or not XRP could
03:45:17 7 be classified as a security?

03:45:18 8 MR. FLUMENBAUM: Objection as to form.

03:45:19 9 THE WITNESS: Well, again, it's my
03:45:22 10 understanding that in that document, that officially
03:45:29 11 defined XRP as a currency, that that meant that it
03:45:34 12 was just that, a currency. And clearly being
03:45:37 13 regulated, as we always thought it would be, by
03:45:42 14 treasury, FinCEN in the realm of money transmission
03:45:48 15 and money services businesses as a currency.

03:45:52 16 Q. Did anyone at FinCEN ever tell you that
03:45:59 17 because of your settlement agreement with FinCEN,
03:46:03 18 you would not be prosecuted for any future conduct
03:46:07 19 with respect to sales of XRP?

03:46:13 20 MR. FLUMENBAUM: Objection as to form.

03:46:18 21 THE WITNESS: Well, if you're saying that
03:46:20 22 that -- is that settlement a get out of jail free
03:46:23 23 card forever, no. We, of course, have to stay in
03:46:28 24 continued compliance with FinCEN and treasury and
03:46:31 25 all the money transmission laws.

03:46:35 1 MR. FLUMENBAUM: Is this a good time for a
03:46:36 2 break?

03:46:37 3 MR. SYLVESTER: Sure.

03:46:39 4 THE VIDEOGRAPHER: Okay. We are off the
03:46:40 5 record at 3:46 p.m.

03:48:16 6 THE VIDEOGRAPHER: This is the beginning
04:02:28 7 of File Number 5. We're back on the record at
04:02:33 8 4:02 p.m.

04:02:33 9 BY MR. SYLVESTER:

04:02:34 10 Q. Mr. Larsen, did anyone at FinCEN ever tell
04:02:37 11 anyone at Ripple that Ripple was in compliance with
04:02:39 12 the securities laws?

04:02:41 13 MR. FLUMENBAUM: Objection as to form.

04:02:45 14 THE WITNESS: Not that I can recall.

04:02:51 15 BY MR. SYLVESTER:

04:02:51 16 Q. Okay. The FinCEN settlement was also with
04:02:55 17 the U.S. Attorney's Office for the Northern District
04:02:57 18 of California; is that right?

04:03:01 19 A. In addition, correct.

04:03:01 20 Q. Okay. Did anyone from the U.S. Attorney's
04:03:04 21 Office for the Northern District of California ever
04:03:06 22 tell anyone at Ripple that Ripple was in compliance
04:03:08 23 with the securities laws?

04:03:10 24 A. Not that I can recall.

04:03:22 25 Q. Ripple has a marketing department,

04:03:23 1 correct?

04:03:24 2 A. Yes.

04:03:28 3 Q. And it has employees whose job is to
04:03:31 4 engage with the press?

04:03:32 5 A. Yes.

04:03:33 6 Q. Ripple monitors press about Ripple?

04:03:36 7 A. Yes.

04:03:37 8 MR. FLUMENBAUM: Objection. Asked and
04:03:37 9 answered.

04:03:38 10 BY MR. SYLVESTER:

04:03:39 11 Q. Okay. Has Ripple tried to respond to
04:03:42 12 negative stories about XRP?

04:03:45 13 MR. FLUMENBAUM: Objection. Asked and
04:03:46 14 answered.

04:03:46 15 You may answer it again.

04:03:50 16 THE WITNESS: Ripple tries to educate
04:03:56 17 participants in the cryptocurrency markets about
04:04:02 18 what we feel are the superior aspects of XRP versus
04:04:07 19 Bitcoin and Ethereum, for example.

04:04:10 20 BY MR. SYLVESTER:

04:04:10 21 Q. Okay. How does Ripple go about trying --

04:04:13 22 MR. FLUMENBAUM: Had you finished your
04:04:14 23 answer?

04:04:14 24 MR. SYLVESTER: Oh, sorry.

04:04:15 25 THE WITNESS: Yes.

04:04:15 1 BY MR. SYLVESTER:

04:04:16 2 Q. Okay. Great.

04:04:17 3 How does Ripple go about trying to educate
04:04:19 4 participants in the cryptocurrency markets about
04:04:22 5 those topics?

04:04:26 6 A. A variety of ways that we will discuss the
04:04:32 7 superiority of. For example, RippleNet over SWIFT
04:04:39 8 and correspondent banking partially enabled by the
04:04:43 9 efficiency of the XRP Ledger, ILP technology, for
04:04:49 10 example.

04:04:50 11 Q. When you say "we will discuss that," is
04:04:52 12 that a reference to Ripple's public statements?

04:04:57 13 A. I'm sorry, what was -- what was the
04:04:59 14 question referring to?

04:05:02 15 Q. I asked how does Ripple go about trying to
04:05:04 16 educate participants in the cryptocurrency markets
04:05:06 17 about those topics and your first sentence was, "A
04:05:09 18 variety of ways that we will discuss the superiority
04:05:12 19 of." And so I was just asking if "we will discuss"
04:05:14 20 is a reference to Ripple's public statements?

04:05:17 21 MR. FLUMENBAUM: Objection as to form.

04:05:20 22 THE WITNESS: Well, Ripple is an
04:05:22 23 enterprise-focused company. So many of those
04:05:27 24 discussions happen in meetings with enterprise
04:05:32 25 customers. And then they'll also occur in

04:05:35 1 enterprise-focused conferences to educate users of
04:05:45 2 competitive processes and technologies to products
04:05:50 3 like RippleNet.

04:05:52 4 BY MR. SYLVESTER:

04:05:52 5 Q. When you say -- sorry -- strike that.

04:05:58 6 When you say enterprise customers, do you
04:06:00 7 mean Ripple's customers?

04:06:04 8 A. Well, I mean specifically a type of
04:06:07 9 customer that Ripple focuses on, which is the
04:06:10 10 enterprise space rather than the consumer space.

04:06:17 11 Q. Okay.

04:06:18 12 MR. FLUMENBAUM: Mark?

04:06:19 13 MR. SYLVESTER: Yes.

04:06:19 14 Let's look at 178, please. Actually, hang
04:06:27 15 on a second, Rob.

04:06:28 16 BY MR. SYLVESTER:

04:06:28 17 Q. Before we do that, does Ripple ever employ
04:06:31 18 third parties to make positive statements about
04:06:33 19 Ripple on its behalf?

04:06:36 20 MR. FLUMENBAUM: Objection as to form.

04:06:37 21 THE WITNESS: Are you talking about
04:06:40 22 outside public relations firms?

04:06:47 23 BY MR. SYLVESTER:

04:06:47 24 Q. Yes. Let's start there.

04:06:50 25 A. Sure. Like any technology company, we

04:06:55 1 have internal MarComm, marketing and communications,
04:07:00 2 team members who will frequently employ outside
04:07:06 3 MarComm-type companies in -- and in different --
04:07:13 4 different markets as well, globally.

04:07:15 5 Q. Okay. In addition to any retention of
04:07:17 6 outside marketing companies, does Ripple ever pay
04:07:25 7 individuals to make positive statements in the press
04:07:27 8 about Ripple?

04:07:29 9 MR. FLUMENBAUM: Objection as to form.

04:07:32 10 THE WITNESS: Not that I'm aware of.

04:07:35 11 MR. SYLVESTER: Okay. Let's look at 178.

04:07:37 12 (Whereupon, Deposition Exhibit CL-178
04:07:38 13 was marked for identification.)

04:08:07 14 MR. SYLVESTER: So for the record,
04:08:07 15 document 178, Exhibit 178 is two text messages, two
04:08:12 16 pages of text messages that appear between -- to be
04:08:15 17 between Mr. Larsen and [REDACTED] dated July 24th,
04:08:19 18 2020.

04:08:26 19 MR. FLUMENBAUM: Just so the record's
04:08:27 20 clear, the second page of the document is Bates
04:08:29 21 stamped; the first page is not.

04:08:47 22 THE WITNESS: Okay.

04:08:48 23 BY MR. SYLVESTER:

04:08:48 24 Q. What is [REDACTED]?

04:08:51 25 A. That's a competitor to [REDACTED].

04:08:54 1 Q. What is Mr. [REDACTED] relationship with
04:08:56 2 [REDACTED] if any?

04:08:59 3 A. I believe he's the founder.

04:09:07 4 Q. You suggest in here that there's a big
04:09:12 5 opening for [REDACTED] to feed XRP news.

04:09:15 6 Do you see that?

04:09:16 7 A. I do.

04:09:16 8 Q. And is that a suggestion that [REDACTED]
04:09:18 9 [REDACTED] publish positive articles about XRP?

04:09:22 10 MR. FLUMENBAUM: Objection as to form.

04:09:27 11 THE WITNESS: No. [REDACTED] is a
04:09:30 12 journalist. He's going to publish what he wants.
04:09:32 13 What I'm referring to is the surprising lack of
04:09:37 14 media feeds in the feeds in the Apple financial app
04:09:45 15 and that that seemed like an opportunity for [REDACTED].

04:09:50 16 BY MR. SYLVESTER:

04:09:50 17 Q. Mr. [REDACTED] responds:

04:09:54 18 "We have noticed precisely the
04:09:55 19 same thing. We have two nice XRP
04:09:58 20 stories coming."

04:09:59 21 Did you understand him to be saying that
04:10:02 22 [REDACTED] was about to publish two nice XRP
04:10:06 23 stories?

04:10:10 24 MR. FLUMENBAUM: Objection as to form.

04:10:13 25 THE WITNESS: Yeah. That's what it says.

04:10:15 1 BY MR. SYLVESTER:

04:10:15 2 Q. Okay. Have you ever had any kind of
04:10:32 3 agreement with Mr. [REDACTED] where you paid him for his
04:10:36 4 services?

04:10:37 5 A. Yes.

04:10:39 6 Q. What was the nature of that agreement?

04:10:44 7 A. Well, [REDACTED] lost -- or was hacked a large
04:10:48 8 number of the XRP that he had bought. And that was
04:10:56 9 a good way for me to help him with that, but then
04:11:03 10 also have his services available if I needed them.
04:11:13 11 Yeah.

04:11:13 12 [REDACTED]

04:11:16 13 [REDACTED]

04:11:19 14 [REDACTED]

04:11:25 15 [REDACTED]

04:11:30 16 [REDACTED]

04:11:36 17 [REDACTED]

04:11:38 18 [REDACTED]

04:11:43 19 [REDACTED]

04:11:46 20 [REDACTED]

04:11:50 21 [REDACTED]

04:11:58 22 [REDACTED]

04:12:06 23 [REDACTED]

04:12:10 24 [REDACTED]

04:12:14 25 Q. Other than the projects that you just

04:12:16 1 described, has Mr. [REDACTED] provided any other
04:12:20 2 services pursuant to that agreement?

04:12:27 3 MR. FLUMENBAUM: Objection. You're
04:12:27 4 referring to an agreement without showing the
04:12:29 5 agreement.

04:12:30 6 THE WITNESS: Mr. [REDACTED] and I are close
04:12:32 7 friends, and it's almost like having him on a
04:12:35 8 retainer for things just like what I just mentioned.

04:12:42 9 BY MR. SYLVESTER:

04:12:42 10 Q. Understanding that, between the agreement
04:12:45 11 and today, are there any other projects that he's
04:12:49 12 worked on that were services pursuant to that
04:12:54 13 agreement?

04:12:54 14 MR. FLUMENBAUM: Objection as to form.

04:13:00 15 THE WITNESS: Well, again, he's sort of on
04:13:01 16 retainer, if you will. I pick up the phone when I
04:13:07 17 want to know about something that he's an expert in,
04:13:09 18 maybe around politics, for example, but that's how I
04:13:13 19 regard that contract.

04:13:14 20 BY MR. SYLVESTER:

04:13:14 21 Q. Okay. Do any of Mr. [REDACTED] services
04:13:17 22 relate in any way to [REDACTED] stories?

04:13:23 23 A. [REDACTED] had a relationship with
04:13:24 24 Ripple, but I believe that Brad was unhappy with
04:13:26 25 that relationship. That's up to Brad on how he

04:13:30 1 wants to run that.

04:13:31 2 Q. What was the relationship between [REDACTED]

04:13:32 3 [REDACTED] and Ripple?

04:13:33 4 A. I believe that was an advertising
04:13:37 5 relationship.

04:13:39 6 Q. Did Ripple pay [REDACTED] to provide
04:13:43 7 advertising services?

04:13:45 8 A. I believe it did.

04:13:47 9 Q. What sort of advertising services did
04:13:50 10 [REDACTED] provide pursuant to that agreement?

04:13:55 11 A. I'm assuming it had to do with products
04:13:58 12 and applications that Ripple had at the time.

04:14:10 13 Q. Who entered into that agreement with
04:14:13 14 [REDACTED] on behalf of Ripple?

04:14:15 15 A. I don't know exactly who that would have
04:14:16 16 been.

04:14:17 17 Q. Not you?

04:14:18 18 A. No, that was after my time as CEO.

04:14:24 19 MR. SYLVESTER: Okay. Let's look at
04:14:29 20 Exhibit 147, please.

04:14:46 21 Actually, I have the wrong number. Hold
04:14:49 22 that. Hang on. I have the wrong number. Let's
04:14:55 23 look at 138. Sorry, Rob.

04:15:14 24 MR. FLUMENBAUM: Thank you.

25 / /

04:15:48 1 (Whereupon, Deposition Exhibit CL-138
04:15:49 2 was marked for identification.)

04:15:57 3 ZOOM PARTICIPANT: Can I verify just
04:15:58 4 Exhibit 138?

04:15:59 5 MR. SYLVESTER: That's right. Thank you.

04:16:07 6 MR. FLUMENBAUM: Before you question,
04:16:09 7 Mr. Sylvester, again, these documents are not Bates
04:16:13 8 stamped. I don't know how they've been approved.
04:16:19 9 You've attached an article to a couple of emails
04:16:26 10 and --

04:16:27 11 MR. SYLVESTER: The article -- I will tell
04:16:28 12 you, Marty. The article I pulled from the internet.
04:16:32 13 Was going to ask Mr. Larsen if this is the article
04:16:34 14 to which he refers because of the date and the
04:16:39 15 description and the text messages.

04:16:41 16 MR. FLUMENBAUM: So this article did not
04:16:42 17 go with these emails?

04:16:44 18 MR. SYLVESTER: That's correct.

04:16:44 19 MR. FLUMENBAUM: You know, you should not
04:16:47 20 mark it as one exhibit. They should be separate
04:16:52 21 exhibits. They should not be attached. And they
04:16:55 22 should be Bates stamped.

04:16:56 23 MR. SYLVESTER: Okay. All of your
04:16:57 24 objections are noted.

04:17:04 25 THE WITNESS: Okay.

04:18:17 1 BY MR. SYLVESTER:

04:18:17 2 Q. Okay. So my first question is -- there's
04:18:18 3 a New York Times article at the back of this
04:18:21 4 exhibit. Did you read that article at the time it
04:18:22 5 was published?

04:18:23 6 A. I did.

04:18:24 7 Q. Okay. The front of the exhibit is a
04:18:29 8 series of text messages dated the same date of the
04:18:31 9 article, April 22nd, 2018, between you and
04:18:34 10 Mr. Garlinghouse, correct?

04:18:35 11 A. Correct.

04:18:35 12 Q. Okay. In your text that's the first page
04:18:39 13 of the exhibit, you write:

04:18:41 14 "Article is out. Cites
04:18:43 15 Ethereum and Ripple but says
04:18:44 16 'particularly Ripple.'"

04:18:47 17 A. I see that.

04:18:49 18 Q. Okay. That's a reference to the quote
04:18:51 19 from the article from Mr. Gensler; is that right?

04:18:54 20 A. Yes.

04:18:59 21 MR. FLUMENBAUM: Are you making
04:18:59 22 Mr. Gensler available as a witness in this case?

04:19:02 23 MR. SYLVESTER: Marty, I'm asking him if
04:19:04 24 he read an article.

04:19:05 25 MR. FLUMENBAUM: Okay. I --

04:19:05 1 MR. SYLVESTER: He said he read the
04:19:07 2 article, he text messaged Mr. Garlinghouse about it.
04:19:09 3 That's all I'm asking about, his statements and
04:19:12 4 Mr. Garlinghouse's statements, to the extent they're
04:19:13 5 in the exhibit.

04:19:15 6 MR. FLUMENBAUM: Mr. Larsen also says in
04:19:16 7 this email that he's got to be put up by the BTC
04:19:21 8 crew.

04:19:21 9 MR. SYLVESTER: I see that.

04:19:23 10 MR. FLUMENBAUM: Do you see that?

04:19:24 11 MR. SYLVESTER: Sure.

04:19:24 12 MR. FLUMENBAUM: Are you making a
04:19:25 13 representation that Mr. Gensler was not put up by
04:19:27 14 the BTC?

04:19:28 15 MR. SYLVESTER: Marty, what are you
04:19:29 16 talking about? Like, please stop talking. This
04:19:31 17 isn't an objection. This isn't my deposition.

04:19:33 18 MR. FLUMENBAUM: I think this is an
04:19:34 19 outrageous use of --

04:19:35 20 MR. SYLVESTER: I think your behavior at
04:19:36 21 this deposition is outrageous --

04:19:37 22 MR. FLUMENBAUM: Oh, please --

04:19:37 23 MR. SYLVESTER: -- and you know better.

04:19:39 24 MR. FLUMENBAUM: -- please, please.
04:19:41 25 Don't -- you're yelling. You know, just stop.

04:19:44 1 MR. SYLVESTER: Enough. Enough. You
04:19:45 2 stop. Say object to form.
04:19:47 3 MR. FLUMENBAUM: Ask questions.
04:19:48 4 MR. SYLVESTER: Object to form. Those are
04:19:49 5 your words.
04:19:50 6 MR. FLUMENBAUM: Ask questions, please.
04:19:54 7 BY MR. SYLVESTER:
04:19:54 8 Q. Mr. Larsen, you texted Mr. Garlinghouse
04:19:59 9 after you read this article, correct?
04:20:01 10 A. Yes.
04:20:01 11 Q. Okay. Mr. Garlinghouse responded to you:
04:20:02 12 "Yes. Have read. It's one
04:20:05 13 guy's opinion. We have many others
04:20:06 14 lined up to disagree."
04:20:07 15 Correct?
04:20:08 16 A. I see that.
04:20:09 17 Q. Okay. And then Mr. Garlinghouse followed
04:20:12 18 up that text by saying the word "publicly," correct?
04:20:18 19 A. You mean that the story is out publicly?
04:20:21 20 Q. Well, I read it as we have many other
04:20:24 21 lined up to disagree publicly.
04:20:26 22 A. Okay.
04:20:26 23 Q. How did you read it?
04:20:27 24 A. I was asking the question of you.
04:20:29 25 Q. Well, it doesn't matter what I think.

04:20:31 1 A. Well, I don't remember the exact order
04:20:34 2 here. I'm just seeing this, so ...

04:20:36 3 Q. Oh, I see. I see. Okay.

04:20:43 4 36 -- it looks to me from the second stamp
04:20:46 5 that the "publicly" is second. But let's just, for
04:20:50 6 sake of clarity, let's focus on "we have many others
04:20:53 7 lined up to disagree."

04:20:54 8 A. Okay.

04:20:55 9 Q. Okay. Who was lined up to disagree with
04:20:58 10 Mr. Gensler in April 2018?

04:21:00 11 A. I don't recall exactly who that would be,
04:21:04 12 but I think clearly what he means here is that we
04:21:09 13 have to counteract the Bitcoin maximalist of which
04:21:13 14 Mr. Gensler was a part of that division in the [REDACTED]
04:21:18 15 with [REDACTED], who very clearly is a Bitcoin
04:21:23 16 maximalist and is spreading misinformation about
04:21:28 17 Bitcoin's two biggest rival ecosystems.

04:21:31 18 Q. Okay. I want to focus on the many that
04:21:34 19 Ripple had lined up to disagree.

04:21:36 20 Can you remember any one of the many
04:21:38 21 people that Ripple was going to have -- strike that.

04:21:40 22 That Ripple had lined up to disagree?

04:21:46 23 A. I don't recall. That's -- I was not CEO
04:21:48 24 at that point.

04:21:48 25 Q. Were you aware of Ripple lining up people

04:21:52 1 to disagree publicly with respect to XRP's
04:21:54 2 classification as a security?

04:21:57 3 MR. FLUMENBAUM: Objection as to form.
04:21:57 4 There's no classification under security in this
04:22:02 5 document.

04:22:02 6 THE WITNESS: That's not -- yeah, that's
04:22:02 7 not what he's referring. What he's referring to is
04:22:05 8 the misinformation being spread by Mr. Gensler as
04:22:09 9 part of a division of [REDACTED], which is known to be run
04:22:13 10 by a Bitcoin maximalist, Mr. [REDACTED], who was --
04:22:18 11 obviously had to resign from [REDACTED] for unethical
04:22:22 12 practices.

04:22:23 13 BY MR. SYLVESTER:

04:22:23 14 Q. Okay. Let me just explain the basis of my
04:22:27 15 question.

04:22:27 16 A. Sure.

04:22:27 17 Q. You can tell me if you disagree with my
04:22:29 18 read. So Mr. Gensler says in the article:

04:22:30 19 "There is a strong case for
04:22:32 20 both of them - but particularly
04:22:34 21 Ripple - that they are noncompliant
04:22:36 22 securities."

04:22:36 23 A. I understand that. He's spreading
04:22:37 24 misinformation because he's trying to hurt two of
04:22:42 25 the biggest rivals to an ecosystem that he is

04:22:47 1 extremely biasedly attached to.

04:22:49 2 Q. I understand --

04:22:50 3 A. Which, by the way --

04:22:51 4 Q. Sorry.

04:22:52 5 MR. FLUMENBAUM: Don't interrupt him,
04:22:53 6 please.

04:22:53 7 MR. SYLVESTER: I didn't know he wasn't
04:22:55 8 finished.

04:22:55 9 THE WITNESS: By the way, that's confirmed
04:22:56 10 by Mr. Gensler' speech recently at the Aspen
04:23:00 11 Institute where he never mentions Bitcoin's
04:23:04 12 outrageous energy waste, 100 trillion-watt hours a
04:23:09 13 year, and refers to Satoshi Nakamoto almost in a
04:23:14 14 admiring way when no one knows who Satoshi Nakamoto
04:23:19 15 is. For all we know, as Americans, he could be an
04:23:23 16 agent of the Iranian intelligence for all we know.
04:23:27 17 It's absurd. So that's very unfortunate.

04:23:33 18 BY MR. SYLVESTER:

04:23:33 19 Q. Okay. When Mr. Garlinghouse writes that
04:23:38 20 Ripple has many others lined up to disagree, did you
04:23:42 21 understand that "lined up" means people who are on
04:23:44 22 Ripple's payroll?

04:23:46 23 MR. FLUMENBAUM: Objection as to form.

04:23:48 24 THE WITNESS: No. What I understood that
04:23:52 25 to mean is that there were many very smart, very

04:23:55 1 unbiased technology-oriented people in the
04:23:59 2 cryptocurrency markets globally that are much more
04:24:03 3 knowledgeable and much less biased than Mr. Gensler.

04:24:08 4 BY MR. SYLVESTER:

04:24:08 5 Q. And who were those people that were lined
04:24:15 6 up to disagree?

04:24:16 7 MR. FLUMENBAUM: Objection. Asked and
04:24:17 8 answered.

04:24:17 9 THE WITNESS: The XRP ecosystem is an
04:24:20 10 enormous global market. It is crystal clear what
04:24:26 11 the regulation is in the enormous markets of Japan,
04:24:31 12 Singapore, United Kingdom, Switzerland, UAE, who
04:24:38 13 have made it crystal clear that XRP is a currency.
04:24:44 14 So there's an enormous ecosystem of extremely
04:24:48 15 knowledgeable financial people, professionals,
04:24:54 16 analysts, professors, that can speak much more
04:24:59 17 accurately with much less bias, much less
04:25:03 18 misinformation than Mr. Gensler is quoted in this
04:25:09 19 New York Times story.

04:25:09 20 Which, by the way, was written by
04:25:12 21 Nathaniel Popper, who is also known as a Bitcoin
04:25:16 22 maximalist, because his income is derived from the
04:25:21 23 biased Bitcoin books that he is known to have
04:25:24 24 written.

25 / /

04:25:25 1 BY MR. SYLVESTER:

04:25:25 2 Q. Okay. Just for purposes of
04:25:29 3 Mr. Garlinghouse's text, you didn't have in mind any
04:25:32 4 specific individuals that he was referencing?

04:25:35 5 MR. FLUMENBAUM: By "you," you mean
04:25:37 6 Mr. Larsen?

04:25:38 7 MR. SYLVESTER: Mr. Larsen. Yeah.

04:25:39 8 THE WITNESS: Brad is the CEO of the
04:25:40 9 company. Mr. Gensler spreading misinformation about
04:25:44 10 the company, I would expect, and I think the board
04:25:48 11 would expect, that the CEO of a company that's being
04:25:51 12 attacked with misinformation, with somebody who is
04:25:54 13 as biased as Mr. Gensler, needs to stand up to that
04:25:57 14 and counter that misinformation.

04:26:04 15 BY MR. SYLVESTER:

04:26:04 16 Q. Okay. Setting aside this document.

04:26:07 17 A. Sure.

04:26:10 18 Q. By around April 22nd, 2018, you were
04:26:15 19 aware that the SEC was investigating whether
04:26:17 20 Ripple's sales of XRP complied with the securities
04:26:19 21 laws?

04:26:21 22 A. Yes.

04:26:23 23 Q. Okay. At that point, had anyone from
04:26:27 24 Ripple reached out to the SEC to get its views on
04:26:31 25 the matter?

04:26:33 1 MR. FLUMENBAUM: Objection as to form.

04:26:35 2 THE WITNESS: I'm sorry --

04:26:36 3 MR. FLUMENBAUM: I don't know what --
04:26:37 4 what -- what precisely you would be referring to.

04:26:40 5 THE WITNESS: I'm not sure I understand
04:26:41 6 the question.

04:26:42 7 BY MR. SYLVESTER:

04:26:43 8 Q. Sure. In April -- in April --
04:26:46 9 sorry -- strike that.

04:26:47 10 Upon learning that the SEC was
04:26:55 11 investigating Ripple, did anyone from Ripple reach
04:26:57 12 out to anyone at the SEC to discuss the SEC's views?

04:27:04 13 MR. CERESNEY: Here, I just want to
04:27:05 14 caution the witness that anything he learned from
04:27:08 15 counsel about discussions with counsel and the SEC
04:27:12 16 would be privileged, so I'd just instruct him that
04:27:15 17 if he can answer that question without referencing
04:27:17 18 discussions with counsel, he should avoid --

04:27:20 19 THE WITNESS: Yeah, there's no way for me
04:27:21 20 to delineate what I would have learned outside of
04:27:25 21 counsel with what I learned from counsel.

04:27:27 22 BY MR. SYLVESTER:

04:27:27 23 Q. Okay. Who is [REDACTED]?

04:27:30 24 A. [REDACTED] worked at another of the
04:27:34 25 cryptocurrency realms at [REDACTED]. There was competing

04:27:42 1 realms of individuals working on the cryptocurrency
04:27:47 2 industry at [REDACTED].

04:27:50 3 Q. Is he associated with a company called
04:27:52 4 [REDACTED]?

04:27:53 5 A. I don't know.

04:27:55 6 Q. Okay. Has Ripple ever had any
04:27:57 7 relationship with [REDACTED]?

04:27:59 8 A. That's possible.

04:28:01 9 Q. Okay. Do you know whether or not Ripple
04:28:03 10 has ever paid [REDACTED] any amount of money?

04:28:06 11 A. That's also possible.

04:28:09 12 MR. FLUMENBAUM: If you don't know, you
04:28:11 13 know, just say I don't know. Anything is possible.

04:28:14 14 THE WITNESS: Well, my recollection with
04:28:16 15 [REDACTED] is that we were supporting his efforts
04:28:20 16 at [REDACTED], if I recollect correctly.

04:28:25 17 MR. SYLVESTER: Okay. Let's look at
04:28:26 18 Exhibit 140, please.

04:28:27 19 (Whereupon, Deposition Exhibit CL-140
04:28:28 20 was marked for identification.)

04:29:15 21 THE WITNESS: Okay. I see it.

04:29:17 22 MR. FLUMENBAUM: Hold on a second. You've
04:29:21 23 attached two emails to this exhibit. One is Bates
04:29:27 24 stamped, one is not.

04:29:28 25 MR. SYLVESTER: Two text messages between

04:29:30 1 Mr. [REDACTED] and Mr. Larsen, dated -- I take your
04:29:36 2 point. They're two different dates.

04:29:38 3 MR. FLUMENBAUM: Two different dates.

04:29:39 4 MR. SYLVESTER: I'll ask a question only
04:29:40 5 about the Bates-stamped document.

04:29:41 6 BY MR. SYLVESTER:

04:29:41 7 Q. So Exhibit 140, the first page is Bates
04:29:45 8 stamped ending -5494. It's a text from Mr. [REDACTED]
04:29:50 9 to you, Mr. Larsen.

04:29:51 10 Do you see that?

04:29:52 11 A. I see that.

04:29:52 12 Q. It's dated May 23rd, 2018?

04:29:56 13 A. Yes.

04:29:57 14 Q. Okay. And it says:

04:29:57 15 "Fresh intel from SEC meeting
04:30:00 16 yesterday. You have very little
04:30:01 17 time left."

04:30:02 18 Do you see that?

04:30:03 19 A. I see that.

04:30:04 20 Q. Did you have -- did you ever discuss with
04:30:06 21 Mr. [REDACTED] this text message?

04:30:12 22 A. You mean did I have a conversation after
04:30:14 23 receiving this text message?

04:30:15 24 Q. Yes.

04:30:15 25 A. Not that I can recall.

04:30:17 1 Q. Okay. Was Mr. [REDACTED] -- were you
04:30:23 2 surprised -- strike that.

04:30:23 3 Were you surprised to receive a text
04:30:26 4 message from Mr. [REDACTED] stating "fresh intel from
04:30:28 5 SEC meeting yesterday"?

04:30:32 6 A. I don't know what to make of [REDACTED].
04:30:35 7 He's involved with [REDACTED] in, again, one of the -- what
04:30:38 8 he would describe as the competing fiefdoms on
04:30:44 9 cryptocurrencies and was critical of [REDACTED]'s wing
04:30:49 10 that was known as being Bitcoin maximalists. So he
04:30:55 11 seemed to have information. How credible it is,
04:31:00 12 hard for me to tell.

04:31:01 13 Q. He seemed to have information about what?

04:31:05 14 A. He seemed to have information about, you
04:31:10 15 know, how the SEC was going to look at the
04:31:15 16 cryptocurrency industries.

04:31:17 17 Q. I see. And do you have an understanding
04:31:21 18 of what Mr. [REDACTED] meant by "you have very little
04:31:25 19 time left"?

04:31:26 20 A. Well, he seems to be implying that there
04:31:27 21 was something brewing at the SEC. But, again, I
04:31:31 22 have no way of knowing, you know, if that's just
04:31:36 23 talk. That's just rumors. Is he manipulating us.
04:31:40 24 It's just very, very hard to tell.

04:31:42 25 Q. What steps, if any, did you take to verify

04:31:45 1 whether or not Mr. [REDACTED] had accurate information
04:31:47 2 about the SEC?

04:31:52 3 A. Well, I'm not sure there's anything you
04:31:54 4 can do. You just have to make your best judgment.

04:32:06 5 Q. Did you ask Mr. [REDACTED] what his intel was
04:32:09 6 from the SEC meeting?

04:32:11 7 MR. FLUMENBAUM: Objection as to form.
04:32:12 8 Asked and answered.

04:32:13 9 THE WITNESS: I don't know that he met
04:32:14 10 with the SEC.

04:32:18 11 BY MR. SYLVESTER:

04:32:18 12 Q. Just referencing Mr. [REDACTED] message to
04:32:20 13 you, "fresh intel from the SEC meeting." Did you
04:32:23 14 ask him what his fresh intel was from the SEC
04:32:25 15 meeting?

04:32:26 16 MR. FLUMENBAUM: Objection as to form.

04:32:29 17 THE WITNESS: Well, my understanding, he's
04:32:30 18 not meeting with the SEC; he is meeting with
04:32:32 19 somebody who might have intel. But, again, no way
04:32:36 20 to verify if that's just talk or if it's relevant.

04:32:42 21 BY MR. SYLVESTER:

04:32:42 22 Q. How did you obtain the understanding that
04:32:44 23 he was meeting with somebody who might have intel?

04:32:48 24 MR. FLUMENBAUM: Objection -- objection as
04:32:49 25 to form.

04:32:51 1 THE WITNESS: That seemed to be what he
04:32:52 2 was representing.

04:32:53 3 BY MR. SYLVESTER:

04:32:53 4 Q. In this text message or otherwise?

04:32:55 5 A. Otherwise.

04:32:56 6 Q. Okay. What did Mr. [REDACTED] tell you about
04:33:01 7 the source of his information about the SEC in
04:33:04 8 conversations outside of this text message?

04:33:06 9 MR. FLUMENBAUM: Objection as to form.

04:33:08 10 THE WITNESS: He seemed to keep that much
04:33:10 11 to himself.

04:33:11 12 BY MR. SYLVESTER:

04:33:11 13 Q. What did -- outside of this text message,
04:33:19 14 what, if anything, did Mr. [REDACTED] tell you about the
04:33:22 15 SEC's views with respect to Ripple or XRP?

04:33:28 16 MR. FLUMENBAUM: Objection as to form.

04:33:30 17 THE WITNESS: My recollection was that
04:33:34 18 someone was trying to misinformation campaign
04:33:40 19 against us, which I would assume to be the Bitcoin
04:33:43 20 maximalists.

04:33:49 21 BY MR. SYLVESTER:

04:33:49 22 Q. And was that connected at all to the SEC?

04:33:54 23 MR. FLUMENBAUM: Objection as to form.

04:33:54 24 THE WITNESS: Well --

25 / /

04:33:54 1 BY MR. SYLVESTER:

04:33:54 2 Q. I just must have misunderstood your
04:34:08 3 answer.

04:34:08 4 A. -- you might want to ask your internal
04:34:09 5 folks if they want to do an investigation. I think
04:34:11 6 that probably would be a healthy thing.

04:34:14 7 Q. Okay. So make sure I understand your
04:34:17 8 testimony. Mr. [REDACTED] conveyed to you that there
04:34:21 9 were -- that there was a misinformation campaign
04:34:28 10 against Ripple and the SEC?

04:34:30 11 MR. FLUMENBAUM: Objection as to form.

04:34:33 12 THE WITNESS: No. I think what he's
04:34:34 13 getting at is there's an opposition campaign by
04:34:40 14 competing ecosystems to hurt a competitive
04:34:45 15 ecosystem.

04:34:47 16 BY MR. SYLVESTER:

04:34:47 17 Q. Okay. Outside of this text message, did
04:34:53 18 Mr. [REDACTED] ever purport to provide you any other
04:34:56 19 intel from an SEC meeting?

04:34:59 20 MR. FLUMENBAUM: Objection as to form.

04:35:01 21 THE WITNESS: Not that I can recall. My
04:35:04 22 conclusion on [REDACTED] is not somebody I would
04:35:08 23 want to continue working with.

04:35:10 24 BY MR. SYLVESTER:

04:35:10 25 Q. I see. Let's look at Exhibit 1 --

04:35:31 1 actually, before we do that, who is [REDACTED]?

04:35:35 2 A. [REDACTED] is on one of the federal
04:35:38 3 reserve boards. I can't recall which one. He was
04:35:46 4 also a founder of [REDACTED].
04:35:50 5 He's also on the board of [REDACTED].

04:35:53 6 Q. Okay. What's Mr. [REDACTED] connection,
04:36:00 7 if any, with the digital asset industry?

04:36:03 8 MR. FLUMENBAUM: Objection as to form.

04:36:04 9 THE WITNESS: Mr. [REDACTED] is an
04:36:06 10 incredibly respected financial leader, speaks at the
04:36:14 11 world economic forum, which I believe is where I met
04:36:16 12 him. And he also now runs a very successful
04:36:24 13 cryptocurrency fund.

04:36:27 14 MR. SYLVESTER: Okay. Let's take a look
04:36:28 15 at Exhibit 160.

04:36:30 16 (Whereupon, Deposition Exhibit CL-160
04:36:32 17 was marked for identification.)

04:37:43 18 THE WITNESS: Okay.

04:40:43 19 BY MR. SYLVESTER:

04:40:43 20 Q. This is -- Exhibit 160 is an email
04:40:52 21 exchange between Mr. [REDACTED], Mr. Garlinghouse and
04:40:54 22 you. The top email is November 7th, 2018; is that
04:40:57 23 right?

04:40:58 24 A. That's right.

04:41:00 25 Q. Okay. It appears that Mr. [REDACTED] read

04:41:05 1 Bill Hinman's speech; is that right?

04:41:08 2 MR. FLUMENBAUM: Objection as to form.

04:41:09 3 THE WITNESS: That appears correct.

04:41:11 4 BY MR. SYLVESTER:

04:41:11 5 Q. Okay. You have familiarity with what I
04:41:13 6 mean when I say Bill Hinman's speech?

04:41:16 7 A. No. Other than what you're referring to
04:41:17 8 here in this email exchange.

04:41:20 9 Q. Okay. Do you know who Bill Hinman is?

04:41:22 10 A. I do.

04:41:23 11 Q. Okay. Are you familiar with the fact that
04:41:25 12 he gave a speech about the application of the
04:41:27 13 securities laws to digital assets?

04:41:31 14 A. Clarifying question. Is this the speech
04:41:32 15 where he said that the SEC doesn't consider Ethereum
04:41:38 16 a security?

04:41:41 17 Q. It's a speech in which Mr. Hinman spoke
04:41:44 18 about here.

04:41:45 19 A. Where he said that the SEC doesn't
04:41:47 20 consider Ethereum a security?

04:41:49 21 Q. Mr. Larsen, I can't answer your questions
04:41:51 22 here. It goes the other way around.

04:41:53 23 A. Well, it's important in the way I respond.

04:41:57 24 Q. Okay. Are you familiar with more than one
04:41:59 25 speech that Mr. Hinman gave during his tenure at the

04:42:03 1 SEC?

04:42:04 2 A. Well, I'm assuming he's given many
04:42:06 3 speeches.

04:42:06 4 Q. Sure. I'm asking your personal
04:42:09 5 familiarity.

04:42:12 6 A. Well, yes.

04:42:13 7 Q. Okay.

04:42:16 8 A. But that is the speech you're referring to
04:42:18 9 where --

04:42:19 10 Q. Again, Mr. Larsen, I'm not answering your
04:42:21 11 questions. I ask you questions.

04:42:24 12 MR. SYLVESTER: I understand, we can leave
04:42:25 13 it alone.

04:42:27 14 MR. CERESNEY: Mark, he talks about
04:42:28 15 Ethereum in that speech.

04:42:29 16 MR. SYLVESTER: That's exactly what I told
04:42:30 17 the witness. He talks about Ethereum in that speech
04:42:33 18 and the witness would like to ask me a further
04:42:34 19 question and I'm not going to answer it.

04:42:35 20 MR. CERESNEY: Okay. So then he can't
04:42:37 21 answer the question you're asking him. He's looking
04:42:39 22 for clarity.

04:42:40 23 MR. SYLVESTER: I'm going back to the
04:42:41 24 email.

04:42:42 25 MR. CERESNEY: Show him the speech if you

04:42:43 1 want to show him something.

04:42:46 2 MR. SYLVESTER: Understood. I have
04:42:47 3 questions about the email, so I'm going to return to
04:42:52 4 the email, if that's all right with you.

04:42:53 5 MR. CERESNEY: Okay.

04:42:53 6 BY MR. SYLVESTER:

04:42:53 7 Q. Okay. So Mr. [REDACTED] writes, in his
04:42:55 8 email -- we're now on page Bates ending -149.

04:42:59 9 A. Okay.

04:42:59 10 Q. He writes:

04:42:59 11 "Hinman offers to help
04:43:02 12 promoters and their counsel work
04:43:04 13 through these issues."

04:43:06 14 Do you see that?

04:43:06 15 A. I do.

04:43:07 16 Q. Okay. And then Mr. [REDACTED] concludes
04:43:10 17 with -- that paragraph with:

04:43:10 18 "You should take him up on
04:43:12 19 this offer."

04:43:13 20 Do you see that?

04:43:13 21 A. Yes.

04:43:15 22 Q. Okay. Did Ripple ever take Mr. Hinman up
04:43:24 23 on that offer?

04:43:25 24 MR. FLUMENBAUM: Objection. You're
04:43:26 25 getting into meetings that you know existed between

04:43:29 1 Ripple and -- and the SEC. I don't understand this
04:43:34 2 line of questioning at all, Mr. Sylvester. You're
04:43:39 3 talking about settlement discussions. You're
04:43:40 4 talking about --

04:43:41 5 MR. SYLVESTER: I'm not talking about
04:43:42 6 settlement discussions.

04:43:43 7 MR. FLUMENBAUM: Well, how can he answer
04:43:44 8 that question without talking about things that
04:43:46 9 shouldn't be talked about --

04:43:48 10 MR. SYLVESTER: Let me ask a better
04:43:49 11 question. Let me ask a better question.

04:43:50 12 Q. Did Ripple meet with Bill Hinman or his
04:43:54 13 staff to work to -- in assistance to work through
04:43:58 14 these issues?

04:44:02 15 MR. FLUMENBAUM: Objection as to form.
04:44:02 16 Mr. Ceresney?

04:44:09 17 MR. CERESNEY: Ask the question again.

04:44:11 18 MR. SYLVESTER: Sure. Okay.

04:44:12 19 Let's start with the foundation.

04:44:13 20 Q. Mr. [REDACTED] says, "You should take him up
04:44:16 21 on this offer," correct?

04:44:17 22 A. I see that.

04:44:18 23 Q. Okay. And the offer is, according to
04:44:20 24 Mr. [REDACTED], to help promoters and their counsel
04:44:23 25 work through these issues.

04:44:25 1 Do you see that?

04:44:25 2 A. I see that.

04:44:26 3 Q. Okay. So in your view, did Ripple take up
04:44:28 4 Mr. Hinman on his offer to help promoters and their
04:44:32 5 counsel work through these issues?

04:44:35 6 MR. CERESNEY: You're characterizing it as
04:44:37 7 his offer. This is Mr. [REDACTED] view of
04:44:39 8 Mr. Hinman's speech. So is the question whether
04:44:43 9 they did what Mr. [REDACTED] suggest that Mr. Hinman
04:44:46 10 said in his speech?

04:44:47 11 MR. SYLVESTER: Yes.

04:44:48 12 MR. CERESNEY: Okay. That's a different
04:44:49 13 question than what you asked so why don't you ask
04:44:52 14 the question.

04:44:52 15 BY MR. SYLVESTER:

04:44:53 16 Q. Did Ripple do what Mr. [REDACTED] suggested
04:44:55 17 that Mr. Hinman said that promoters could do in his
04:44:58 18 speech?

04:44:58 19 MR. FLUMENBAUM: And you're talking about
04:44:59 20 the June 14, 2018 speech?

04:45:02 21 MR. SYLVESTER: Yes. June 2018.

04:45:05 22 THE WITNESS: It's my understanding that
04:45:06 23 the company was meeting with the SEC on the same day
04:45:09 24 as the speech.

25 / /

04:45:14 1 BY MR. SYLVESTER:

04:45:14 2 Q. Okay.

04:45:20 3 MR. CERESNEY: Fair point.

04:45:20 4 BY MR. SYLVESTER:

04:45:21 5 Q. Mr. Garlinghouse writes to Mr. [REDACTED]
04:45:25 6 discussing Mr. Hinman's speech; is that right?

04:45:30 7 A. As I read this, it looks like
04:45:34 8 Mr. Garlinghouse is explaining some key details
04:45:42 9 about the XRP ecosystem to Mr. [REDACTED].

04:45:47 10 Q. Okay. And Mr. [REDACTED] replies:

04:45:48 11 "You have convinced me and I
04:45:50 12 am curious why the SEC has dragged
04:45:53 13 their heels on XRP. Is there any
04:45:54 14 rationale they have shared with
04:45:56 15 you. You can bet that I will raise
04:45:58 16 this."

04:45:58 17 Do you see that?

04:45:59 18 A. I see that. And it's terrific.

04:46:01 19 Q. Do you have an understanding of what
04:46:05 20 Mr. [REDACTED] would raise?

04:46:10 21 A. Well, I'm assuming, from this, that he
04:46:12 22 would raise his belief that XRP is a currency, as we
04:46:15 23 have always believed. And someone like
04:46:18 24 Mr. [REDACTED] -- I mean, you don't get any more
04:46:22 25 experienced or intelligent or successful in

04:46:26 1 financial markets as Mr. [REDACTED].

04:46:29 2 Q. With whom would he raise this?

04:46:34 3 A. Well, I believe he was on a panel with
04:46:36 4 Mr. Clayton around this time, if I remember
04:46:39 5 correctly.

04:46:41 6 Q. Okay. So you write:

04:46:42 7 "Here we go. Nice job, Brad."

04:46:45 8 Do you see that?

04:46:46 9 A. I do.

04:46:47 10 Q. And that's in response to your
04:46:48 11 understanding that Mr. [REDACTED] would raise this
04:46:49 12 with Mr. Clayton?

04:46:51 13 A. That's my understanding about how awesome
04:46:56 14 it is to have someone like Mr. [REDACTED] understand
04:47:03 15 these markets so well.

04:47:08 16 Q. Okay. Mr. Larsen, you've referred to
04:47:12 17 Bitcoin maximalists a few times today; is that
04:47:15 18 correct?

04:47:16 19 A. I have.

04:47:16 20 Q. Did XRP have maximalists?

04:47:20 21 A. There are definitely some very passionate
04:47:26 22 people in the XRP ecosystem, every bit as equal as
04:47:32 23 people in the Bitcoin ecosystem or the Ethereum
04:47:35 24 ecosystem.

04:47:36 25 Q. Who are those people?

04:47:37 1 A. Are you asking me to name them?

04:47:38 2 Q. Yes. If you know their names.

04:47:41 3 A. You're talking about millions of people
04:47:42 4 all over the world.

04:47:43 5 Q. Okay. So not anyone in specific that
04:47:45 6 springs to mind?

04:47:50 7 A. Well, you were comparing them to Bitcoin
04:47:52 8 maximalists. Those are also millions of people all
04:47:55 9 over the world.

04:47:56 10 Q. Are you familiar with the term "XRP Army"?

04:47:59 11 A. I've heard that term.

04:48:00 12 Q. Okay. Would you consider the XRP Army to
04:48:02 13 be XRP maximalists?

04:48:05 14 MR. FLUMENBAUM: Objection as to form.

04:48:06 15 THE WITNESS: I would consider that
04:48:07 16 definition to be -- equate to people that are as
04:48:12 17 passionate about Bitcoin's technology and as
04:48:16 18 passionate about Ethereum's technology. It's very
04:48:20 19 much equivalent.

04:48:25 20 BY MR. SYLVESTER:

04:48:25 21 Q. And the XRP Army is as passionate about
04:48:28 22 XRP; is that right?

04:48:31 23 A. Just to be clear, that's not a term that I
04:48:33 24 use. But, you know, it's a term that's out there.
04:48:36 25 But, again, that is really defining the ecosystem of

04:48:46 1 XRP. Exactly the same thing as the ecosystem of
04:48:48 2 Ethereum and the ecosystem of Bitcoin. These are
04:48:53 3 competing technology ecosystems, and the rivalry
04:48:59 4 between them is intense, to say the least.

04:49:03 5 MR. SYLVESTER: Okay. Let's look at
04:49:04 6 Exhibit 148, please.

04:49:10 7 MR. MOYE: 148?

04:49:10 8 MR. SYLVESTER: Yes.

04:49:14 9 ZOOM PARTICIPANT: Repeat the exhibit
04:49:15 10 number, please.

04:49:16 11 MR. SYLVESTER: Sure. 148.

04:49:18 12 ZOOM PARTICIPANT: 148, thank you.

04:49:18 13 MR. SYLVESTER: And, for the record, since
04:49:20 14 this document doesn't bear a Bates stamp, it's
04:49:22 15 Larsen SEC_LIT 00003738.

04:49:36 16 (Whereupon, Deposition Exhibit CL-148
04:49:36 17 was marked for identification.)

04:49:36 18 BY MR. SYLVESTER:

04:50:07 19 Q. For the record, this appears to be a text
04:50:08 20 message from [REDACTED] to Chris Larsen, dated
04:50:13 21 July 17th, 2018.

04:50:15 22 A. I see that, yes.

04:50:17 23 Q. Okay. Who is Mr. [REDACTED]?

04:50:20 24 A. Mr. [REDACTED] is a very successful, recently
04:50:25 25 private equity investor. Then was so successful he

04:50:30 1 created his own fund, and he is an extremely active
04:50:34 2 investor in financial technology. And he's an
04:50:39 3 investor in Ripple.

04:50:43 4 Q. Mr. [REDACTED] is an equity investor in Ripple?

04:50:45 5 A. He is.

04:50:46 6 Q. Okay. Mr. [REDACTED] writes, the fifth point:

04:50:49 7 "Press hard on your lobbying
04:50:52 8 effort and SEC. Remember you and
04:50:54 9 Brad are the ultimate quarterbacks.
04:50:56 10 The lawyers and lobbyists work for
04:50:59 11 you. War room effort is needed."

04:51:01 12 Do you see that?

04:51:02 13 A. I do.

04:51:02 14 Q. Do you have an understanding of what
04:51:04 15 Mr. [REDACTED] meant by "war room effort is needed"?

04:51:07 16 MR. FLUMENBAUM: Objection as to form.

04:51:07 17 THE WITNESS: Yes. I think he's -- he's
04:51:08 18 talking about countering the misinformation campaign
04:51:12 19 that the Bitcoin maximalists and perhaps the
04:51:16 20 Ethereum maximalists and some of the investors in
04:51:19 21 both those ecosystems had been throwing at the XRP
04:51:26 22 ecosystem and through trying to tie it to Ripple.

04:51:33 23 BY MR. SYLVESTER:

04:51:33 24 Q. One of the things that Mr. [REDACTED] says is
04:51:36 25 "the lawyers and lobbyists work for you."

04:51:40 1 Do you see that?

04:51:41 2 A. I do.

04:51:41 3 Q. At the time of this text message, did
04:51:42 4 Ripple employ lobbyists?

04:51:49 5 MR. CERESNEY: Answer that yes or no.

04:51:50 6 THE WITNESS: Yes.

04:51:51 7 BY MR. SYLVESTER:

04:51:51 8 Q. Who did Ripple employ as lobbyists at the
04:51:55 9 time of this text message?

04:51:57 10 A. I don't remember the name or names of the
04:52:01 11 lobbying people. But they were very important at
04:52:06 12 this juncture of the development of the
04:52:09 13 cryptocurrency markets to make sure that it wasn't
04:52:14 14 just the Bitcoin and Ethereum voices that were
04:52:18 15 driving possible legislation in the U.S. around
04:52:25 16 cryptocurrency.

04:52:28 17 Q. Did Ripple retain any lobbying
04:52:33 18 firms -- strike that.

04:52:36 19 Had Ripple retained any lobbying firms by
04:52:40 20 July 2018?

04:52:41 21 MR. FLUMENBAUM: Objection as to form.

04:52:43 22 THE WITNESS: To the best of my knowledge,
04:52:44 23 yes.

04:52:44 24 BY MR. SYLVESTER:

04:52:44 25 Q. How many?

04:52:47 1 A. I don't know.

04:52:50 2 Q. Was it more than two?

04:52:52 3 MR. FLUMENBAUM: Objection as to form.

04:52:53 4 THE WITNESS: I don't know.

04:52:53 5 BY MR. SYLVESTER:

04:52:55 6 Q. Who at Ripple would know which lobbying
04:52:59 7 firms were retained?

04:53:01 8 A. The leadership group would know.

04:53:03 9 Q. Mr. Garlinghouse?

04:53:04 10 A. Yes.

04:53:05 11 Q. Okay. Did you have any role in retaining
04:53:09 12 lobbyists on behalf of Ripple?

04:53:11 13 A. Not at this time. Again, I was the
04:53:13 14 chairman.

04:53:14 15 Q. Okay. At any time, did you have a role in
04:53:17 16 retaining lobbyists on behalf of Ripple?

04:53:21 17 MR. FLUMENBAUM: Objection as to form.

04:53:22 18 THE WITNESS: Yes.

04:53:22 19 BY MR. SYLVESTER:

04:53:22 20 Q. When was that?

04:53:26 21 A. I don't recall the exact date.

04:53:28 22 Q. Was it while you were chairman?

04:53:30 23 A. No. It would be while I was CEO.

04:53:33 24 Q. Okay. Who did you retain as a lobbyist
04:53:36 25 for Ripple during the time you were CEO?

04:53:41 1 A. So [REDACTED], although technically I'm
04:53:44 2 not sure if they're a lobbyist or an advisor. And
04:53:48 3 [REDACTED], former interim director of the Consumer
04:53:54 4 Financial Protection Bureau, who I've known for a
04:53:59 5 long time. And I'm not sure if that's technically a
04:54:05 6 lobbyist or -- or what his designation is.

04:54:11 7 Q. Okay. Other than those two, were there
04:54:12 8 any lobbyists that you were involved in retaining
04:54:16 9 during your time as CEO?

04:54:17 10 MR. FLUMENBAUM: Objection as to form.

04:54:18 11 THE WITNESS: Not that I can recall.

04:54:19 12 BY MR. SYLVESTER:

04:54:19 13 Q. Okay. What was [REDACTED] objective as
04:54:30 14 a lobbyist?

04:54:31 15 MR. FLUMENBAUM: Objection as to form. I
04:54:32 16 think he testified that he wasn't sure whether they
04:54:34 17 were a lobbyist or not.

04:54:37 18 BY MR. SYLVESTER:

04:54:37 19 Q. Okay. Fair enough.

04:54:38 20 What was [REDACTED] hired to do for
04:54:40 21 Ripple?

04:54:42 22 A. They were hired to help us with important
04:54:48 23 compliance requirements, as well as helping us
04:54:53 24 understand where regulators were likely to be going
04:54:57 25 in the cryptocurrency industry, and to make sure

04:55:01 1 that we had good relations with all of the key
04:55:05 2 regulators that are responsible for regulating this
04:55:09 3 industry, mostly, of course, the money transmission
04:55:15 4 and treasury and FinCEN, Bank Secrecy Act, OFAC
04:55:21 5 folks, all the key regulatory areas for this
04:55:24 6 industry.

04:55:29 7 Q. One of the things you mentioned [REDACTED]
04:55:31 8 helped with was important compliance requirements.

04:55:34 9 Which requirements were those?

04:55:37 10 A. Like I mentioned, [REDACTED] was very
04:55:41 11 concerned that the cryptocurrency industry wasn't up
04:55:46 12 to the standards that would be required by the chief
04:55:51 13 regulator of this industry, treasury and FinCEN,
04:55:55 14 particularly around the money transmission, Know
04:55:57 15 Your Customer, preventing illegal activity, OFAC,
04:56:02 16 sanctioning of countries, for example. And that was
04:56:07 17 very helpful for us.

04:56:08 18 Q. Did [REDACTED] have any role with respect
04:56:10 19 to how the securities laws might or might not apply
04:56:16 20 to the cryptocurrency industry?

04:56:17 21 MR. FLUMENBAUM: Objection as to form.

04:56:21 22 THE WITNESS: Again, it was my -- my
04:56:23 23 understanding that that was not a key concern for
04:56:27 24 them, but that the concerns were around money
04:56:33 25 transmission, how value moves as currencies and

04:56:42 1 making sure that all the requirements on sanctioned
04:56:43 2 countries list, OFAC, were being followed.

04:56:48 3 As well as some of the opportunities that
04:56:51 4 this technology could be seen as an ally for folks
04:56:54 5 like the USAID, I believe it was, in helping refugee
04:57:01 6 communities and impoverished that had had an
04:57:04 7 interest in American policy be handled in a way that
04:57:07 8 was helpful and focused on that help.

04:57:11 9 BY MR. SYLVESTER:

04:57:11 10 Q. Understanding that it wasn't a key concern
04:57:13 11 for them, did [REDACTED] do any work whatsoever on
04:57:17 12 behalf of Ripple with respect to the application of
04:57:18 13 the securities laws to digital assets?

04:57:21 14 A. No.

04:57:21 15 MR. FLUMENBAUM: Objection as to form.

04:57:23 16 THE WITNESS: Not that I can recall.

04:57:26 17 BY MR. SYLVESTER:

04:57:26 18 Q. Why did Ripple have an interest in how the
04:57:29 19 cryptocurrency markets are regulated?

04:57:34 20 A. Well, as I -- as I mentioned before, there
04:57:39 21 are various ecosystems that are trying to move
04:57:44 22 legislation in a way that favors their ecosystems.
04:57:47 23 And, again, as I mentioned, [REDACTED] digital
04:57:54 24 currency group at [REDACTED] was very much in the Bitcoin
04:57:59 25 camp and trying to push that forward.

04:58:01 1 You mentioned [REDACTED]. [REDACTED]
04:58:06 2 went so far as to tell regulators that the only
04:58:09 3 cryptocurrency ecosystems that work were ones that
04:58:13 4 employed mining, which is an outrageous statement.
04:58:18 5 And not only is that way more inefficient, but that
04:58:21 6 had become nearly completely centralized in China
04:58:24 7 under the control of the Chinese communist party.
04:58:28 8 Such an outrageous statement.

04:58:32 9 So it was very important that the XRP
04:58:37 10 interests, you know, are heard in Washington, just
04:58:44 11 as it is very important that the Ethereum voice is
04:58:50 12 heard from the Ethereum ecosystem.

04:58:52 13 Q. Why was it important to Ripple that the
04:58:54 14 XRP interests were heard in Washington?

04:58:57 15 A. Well, because the misinformation campaign
04:58:59 16 by the Bitcoin people like [REDACTED] and that division
04:59:04 17 of [REDACTED], their attack line was connecting Ripple to
04:59:09 18 the XRP Ledger and somehow saying that it was
04:59:15 19 centralized when, of course, that's an outrageous
04:59:19 20 statement. If Ripple did not exist, the XRP Ledger
04:59:23 21 would continue on. It's an enormous market existing
04:59:26 22 in hundreds of exchanges. Ripple is a small player
04:59:31 23 in the -- in the volume in those markets. So that's
04:59:35 24 the attack line. So that forced Ripple to counter
04:59:42 25 that with an effective education effort, again, to

04:59:47 1 counter that misinformation.

04:59:50 2 Q. You said Ripple was forced to counter that
04:59:53 3 misinformation with an education effort.

04:59:56 4 What did that education effort consist of?

04:59:59 5 A. Well, that would be on multiple levels.

05:00:02 6 But in Washington, that would be meeting with

05:00:07 7 political leaders, regulators and educating them,

05:00:10 8 for example, why the idea that only mining is a

05:00:17 9 relevant consensus method is utter nonsense and, in

05:00:21 10 fact, is counter to U.S. interests because that

05:00:24 11 favors China. And, of course, is extremely energy

05:00:29 12 wasteful and produces way too much CO2.

05:00:33 13 Q. Who in Washington did Ripple meet with?

05:00:36 14 MR. CERESNEY: You know, Mark, I've given

05:00:38 15 you a lot of latitude here, particularly in light of

05:00:40 16 the Judge's ruling on lobbyists. I know we had this

05:00:44 17 at the Zagone deposition, but I think that was a

05:00:46 18 different kind of situation because it was kind of

05:00:49 19 regulatory regulations. I've given you some

05:00:51 20 latitude here but, you know, I'm not going to allow

05:00:54 21 you to go too far down this road.

05:00:56 22 MR. SYLVESTER: Yeah, I've obviously read

05:00:58 23 the Judge's ruling, Andrew, and she didn't put any

05:01:00 24 restrictions whatsoever on asking about lobbying.

05:01:02 25 In fact, she told Ben, it's his record, and this is

05:01:03 1 mine.

05:01:03 2 MR. CERESNEY: Yeah. No. She told Ben
05:01:07 3 she'd allow it in that circumstance, given those
05:01:09 4 circumstances. So, you know, I don't know how much
05:01:10 5 more you have on this. I'm just putting you on
05:01:12 6 notice that at some point I'm going to draw the
05:01:14 7 line.

05:01:15 8 MR. SYLVESTER: Okay.

05:01:15 9 MR. FLUMENBAUM: Are you almost done on
05:01:15 10 this --

05:01:15 11 MR. SYLVESTER: Do you have any response?

05:01:16 12 MR. FLUMENBAUM: Are you almost done on
05:01:18 13 this issue?

05:01:18 14 MR. SYLVESTER: I'm going to ask the
05:01:20 15 questions I'm going to ask. You all can lodge your
05:01:23 16 objections.

05:01:25 17 Q. Who in Washington did Ripple meet with?

05:01:28 18 MR. FLUMENBAUM: What -- what time -- what
05:01:29 19 dates are you talking about? What timing are you
05:01:31 20 talking about?

05:01:34 21 MR. SYLVESTER: Mr. Larsen just told me
05:01:35 22 that there was a need to have -- to provide
05:01:40 23 education.

05:01:43 24 MR. FLUMENBAUM: I know what his answer
05:01:44 25 was. Now you're asking another question. What

05:01:47 1 dates are you asking this question about?

05:01:49 2 BY MR. SYLVESTER:

05:01:49 3 Q. Okay. Let's start with when you were CEO.
05:01:52 4 When you were CEO, who in Washington did Ripple meet
05:01:55 5 with?

05:01:58 6 A. So I haven't been part of those meetings
05:02:00 7 in Washington. That's other team members. So
05:02:05 8 I'm -- I can't recall those names.

05:02:07 9 Q. Okay. Let's -- let me ask a foundational
05:02:09 10 question just to make sure I have the time frame
05:02:11 11 correct.

05:02:12 12 When you were Ripple's CEO, did Ripple
05:02:15 13 meet with individuals in Washington?

05:02:18 14 A. Not that I can recall in Washington, but
05:02:21 15 we did meet with people here on the West Coast, FBI,
05:02:26 16 law enforcement, to make sure that we were good
05:02:29 17 stewards. So all of those key needs to prevent
05:02:33 18 illegal activity on these new technologies.

05:02:37 19 Q. Okay. Earlier you testified, Mr. Larsen,
05:02:52 20 that Ripple needed to counter misinformation with an
05:02:56 21 effective education effort. Is that right?

05:02:58 22 A. That's right.

05:02:59 23 Q. And part of that was meeting with
05:03:01 24 individuals in Washington; is that right?

05:03:04 25 A. Correct.

05:03:05 1 Q. What time frame did those meetings in
05:03:07 2 Washington occur?

05:03:15 3 A. Well, I think that has ramped up as the
05:03:19 4 industry has grown and as its legislation seemed to
05:03:25 5 be percolating at least.

05:03:32 6 Q. In terms of industry ramp-up, would you
05:03:34 7 say that started in 2017?

05:03:36 8 MR. FLUMENBAUM: Objection as to form.

05:03:39 9 THE WITNESS: Well, it's really been tied
05:03:40 10 to the growth of the overall cryptocurrency markets.
05:03:43 11 And as more and more activity within finance has
05:03:47 12 gone into blockchains and as more corporations have
05:03:51 13 talked about blockchain with their regulators and as
05:03:54 14 more venture capital funds have gotten involved in
05:03:59 15 the space.

05:03:59 16 BY MR. SYLVESTER:

05:03:59 17 Q. Right.

05:03:59 18 And sort of around when did that happen?
05:04:02 19 Was it 2017?

05:04:03 20 A. Well, no, it's not 2017. As I said, it's
05:04:05 21 been a ramp-up as the industry has grown, you know,
05:04:09 22 from the earliest days. Although you probably
05:04:12 23 ignore 2011, but certainly when -- 2013 when FinCEN
05:04:18 24 issued its key guidance on the crypto space, I think
05:04:23 25 that was kind of Washington's entry point.

05:04:25 1 Q. When did Ripple first meet with anyone in
05:04:29 2 Washington as part of its education campaign that
05:04:31 3 you described?

05:04:32 4 A. I don't recall.

05:04:35 5 Q. But it was after you were CEO; is that
05:04:37 6 right?

05:04:40 7 A. I don't recall.

05:04:43 8 Q. Okay. Do you recall anyone at all that
05:04:46 9 Ripple met with in Washington as part of its
05:04:49 10 education campaign you described?

05:04:51 11 MR. FLUMENBAUM: Objection as to form.
05:04:58 12 Asked and answered.

05:04:58 13 Go ahead.

05:04:59 14 THE WITNESS: I'm confident we met with a
05:05:02 15 number of regulatory leaders and political leaders.

05:05:10 16 BY MR. SYLVESTER:

05:05:10 17 Q. Who?

05:05:12 18 MR. FLUMENBAUM: You know --

05:05:13 19 THE WITNESS: I can't recall exact names.

05:05:14 20 MR. SYLVESTER: Okay. He can't recall.

05:05:15 21 He can't recall. I'm entitled to ask for his
05:05:18 22 answer.

05:05:18 23 MR. FLUMENBAUM: Well, you know, there is
05:05:19 24 a doctrine that protects this conduct.

05:05:23 25 MR. SYLVESTER: Yes. The Judge didn't

05:05:24 1 reach that in our order.

05:05:25 2 MR. FLUMENBAUM: And you're getting to the
05:05:26 3 point where you're --

05:05:29 4 MR. SYLVESTER: Listen, Marty, let me ask
05:05:30 5 the questions. We're wasting time. Let me ask the
05:05:32 6 questions, you lodge your objections, okay?

05:05:35 7 MR. FLUMENBAUM: Well, there's some that
05:05:36 8 I'm not going to let you answer.

05:05:38 9 MR. SYLVESTER: I hear what you're saying.

05:05:39 10 MR. FLUMENBAUM: Yeah.

05:05:39 11 MR. SYLVESTER: I'm saying --

05:05:39 12 MR. FLUMENBAUM: Okay.

05:05:39 13 MR. SYLVESTER: -- I'll ask the questions,
05:05:41 14 you'll lodge your objections.

05:05:43 15 All right. Let's look at Exhibit 158,
05:05:47 16 please.

05:05:56 17 MR. FLUMENBAUM: We'll take a break after
05:05:57 18 this exhibit, okay.

05:05:58 19 MR. SYLVESTER: That's fine.

05:06:00 20 (Whereupon, Deposition Exhibit CL-158
05:06:06 21 was marked for identification.)

05:06:25 22 ZOOM PARTICIPANT: Exhibit 158?

05:06:26 23 MR. SYLVESTER: That's right.

05:07:03 24 THE WITNESS: Okay.

25 / /

05:07:05 1 BY MR. SYLVESTER:

05:07:05 2 Q. This is a set of emails. Top email dated
05:07:11 3 October 22nd, 2018, from you, Mr. Larsen, to
05:07:14 4 Mr. [REDACTED].

05:07:15 5 Do you see that?

05:07:16 6 A. I see that.

05:07:17 7 Q. Who is [REDACTED]?

05:07:19 8 A. [REDACTED] used to be, I believe, the
05:07:22 9 [REDACTED] to President Trump.

05:07:25 10 Q. And Mr. [REDACTED] offered to speak to
05:07:28 11 President Trump on Ripple's behalf?

05:07:30 12 A. That came kind of secondhand.

05:07:38 13 Q. That offer came to Ripple kind of
05:07:39 14 secondhand?

05:07:40 15 A. No. It came to me personally secondhand
05:07:43 16 from another friend who knows him.

05:07:45 17 Q. I see.

05:07:48 18 Okay. Did Ripple hire Mr. [REDACTED]?

05:07:50 19 THE WITNESS: I think I can answer that.

05:07:58 20 MR. FLUMENBAUM: You can answer yes or no,
05:07:59 21 you can answer that question.

05:08:00 22 THE WITNESS: Yeah. I hired him some time
05:08:03 23 later. I wish I had hired him at this point. He's
05:08:07 24 a terrific guy.

25 / /

05:08:08 1 BY MR. SYLVESTER:

05:08:08 2 Q. For what purpose did you hire Mr. [REDACTED]?

05:08:14 3 A. I've hired him to help out also with sort
05:08:20 4 of misinformation, you know, campaign.

05:08:25 5 Q. How has Mr. [REDACTED] helped out with the
05:08:28 6 misinformation campaign?

05:08:31 7 MR. FLUMENBAUM: Mr. [REDACTED] is an
05:08:32 8 attorney, and I believe he's been hired as an
05:08:37 9 attorney.

05:08:38 10 THE WITNESS: Yeah, I can't distinguish --

05:08:40 11 MR. FLUMENBAUM: I'm not going to let you
05:08:41 12 get into that.

05:08:42 13 BY MR. SYLVESTER:

05:08:42 14 Q. Mr. [REDACTED] is your attorney?

05:08:46 15 A. He is an attorney, yes.

05:08:47 16 Q. That's not what I asked. He's your
05:08:50 17 attorney?

05:08:51 18 A. Yes.

05:08:51 19 MR. FLUMENBAUM: His activities are based
05:08:53 20 on him being an attorney.

05:08:54 21 BY MR. SYLVESTER:

05:08:55 22 Q. Has Mr. -- have you sought legal advice
05:08:56 23 from Mr. [REDACTED]?

05:08:58 24 A. I don't think I can distinguish between
05:09:02 25 that distinction.

05:09:05 1 Q. I'm not sure what distinction you mean.
05:09:07 2 That was just a yes-or-no question.

05:09:08 3 MR. FLUMENBAUM: I'm going to instruct him
05:09:09 4 not to answer questions about --

05:09:11 5 MR. SYLVESTER: He sought legal advice.

05:09:12 6 MR. FLUMENBAUM: -- what he discussed with
05:09:14 7 Mr. [REDACTED]. You haven't established when he was
05:09:18 8 hired. You haven't established -- you know, and I
05:09:22 9 think if you did, you would understand that it's
05:09:25 10 related to this particular proceeding.

05:09:28 11 MR. SYLVESTER: Okay. Let me ask the
05:09:29 12 date, then.

05:09:30 13 Q. When did you hire Mr. [REDACTED]?

05:09:36 14 A. That was --

05:09:37 15 MR. CERESNEY: You know what, I think we
05:09:38 16 should take the break now because this is a
05:09:41 17 privilege issue and we should discuss it before he
05:09:44 18 answers.

05:09:44 19 MR. SYLVESTER: Okay.

05:09:45 20 THE VIDEOGRAPHER: We are off the record
05:09:46 21 at 5:09 p.m.

05:09:47 22 (Whereupon, a recess was taken.)

05:18:59 23 THE VIDEOGRAPHER: This is the start of
05:24:58 24 File Number 6. We're back on the record at
05:25:00 25 5:25 p.m.

05:25:01 1 BY MR. SYLVESTER:

05:25:03 2 Q. Okay. Mr. Larsen, when did you hire
05:25:06 3 Mr. [REDACTED]?

05:25:08 4 MR. FLUMENBAUM: I'm going to answer that
05:25:09 5 question on behalf of Mr. Larsen. Mr. [REDACTED] was
05:25:12 6 hired after the SEC filed its complaint in this
05:25:17 7 case, and he was hired as an attorney.

05:25:20 8 BY MR. SYLVESTER:

05:25:21 9 Q. What was the subject of the legal advice
05:25:22 10 that Mr. [REDACTED] provided?

05:25:25 11 MR. FLUMENBAUM: I'm not giving you any
05:25:26 12 further information other than that sentence. If
05:25:28 13 you want to go to the court, go to the court.

05:25:34 14 MR. TENREIRO: I think the question was
05:25:34 15 like he was a trust and estates lawyer, a securities
05:25:37 16 lawyer, just like what --

05:25:39 17 MR. FLUMENBAUM: I'm not giving you --
05:25:40 18 it's related to this litigation.

05:25:53 19 BY MR. SYLVESTER:

05:25:53 20 Q. And for the record, to clarify, Ripple
05:25:55 21 never hired Mr. [REDACTED]; is that right?

05:25:58 22 MR. SYLVESTER: Ripple, not Mr. Larsen.

05:26:02 23 MR. FLUMENBAUM: To your knowledge,
05:26:02 24 Mr. Larsen, you can answer that either yes or no.

05:26:07 25 THE WITNESS: Not to my knowledge.

05:26:08 1 BY MR. SYLVESTER:

05:26:08 2 Q. Okay. Did Ripple ever hire anyone to
05:26:12 3 lobby Mr. Trump, President Trump directly?

05:26:16 4 MR. FLUMENBAUM: Objection as to form.

05:26:25 5 MR. CERESNEY: Mark, what's the relevance
05:26:27 6 of that?

05:26:29 7 MR. FORD: Andrew, you guys in your first
05:26:30 8 letter said that this was like a last minute case by
05:26:33 9 the Trump administration right at the door. I mean,
05:26:35 10 come on.

05:26:36 11 MR. CERESNEY: We didn't say Trump
05:26:36 12 administration.

05:26:37 13 MR. FORD: Sure you did. The party
05:26:38 14 administration.

05:26:40 15 MR. CERESNEY: We did not attribute it to
05:26:42 16 the Trump administration.

05:26:43 17 MR. FORD: You did, you did.

05:26:45 18 MR. CERESNEY: But what does that have to
05:26:47 19 do with the question about the relevance of this?

05:26:49 20 MR. SYLVESTER: Again, it's a deposition,
05:26:50 21 it's my record, it's one question. What's your
05:26:53 22 objection?

05:26:53 23 MR. CERESNEY: My objection is relevance,
05:26:55 24 particularly based on the Judge's prior ruling on
05:26:58 25 these issues.

05:26:59 1 MR. SYLVESTER: Again, we disagree on what
05:27:00 2 the Judge's ruling was.

05:27:02 3 MR. CERESNEY: We can disagree on that.

05:27:02 4 MR. SYLVESTER: Well, the Judge didn't
05:27:02 5 rule on this question so ...

05:27:02 6 MR. CERESNEY: Do you want to call the
05:27:04 7 Judge now?

05:27:04 8 MR. SYLVESTER: The Judge, I'm sure, is
05:27:06 9 out of chambers by now.

05:27:08 10 MR. CERESNEY: I would imagine that's
05:27:08 11 right.

05:27:09 12 MR. SYLVESTER: Okay. So are you
05:27:09 13 instructing him not to answer?

05:27:12 14 MR. CERESNEY: Do you know the answer to
05:27:13 15 that question?

05:27:14 16 THE WITNESS: No. Not to my knowledge.

05:27:15 17 BY MR. SYLVESTER:

05:27:18 18 Q. Okay. Mr. Larsen, did anyone on Ripple's
05:27:24 19 staff contact anyone on Senator Cotton's staff?

05:27:29 20 MR. FLUMENBAUM: I'm going to instruct him
05:27:30 21 not to answer these questions. You're getting into
05:27:32 22 the Noerr-Pennington doctrine. This is highly
05:27:35 23 inappropriate.

05:27:35 24 MR. SYLVESTER: Yeah, the Judge didn't --

05:27:35 25 MR. FLUMENBAUM: This is privileged. If

05:27:36 1 anyone -- if anyone did, it's a privileged
05:27:40 2 communication. It's permitted by the Constitution,
05:27:41 3 and it's not subject to this deposition.

05:27:46 4 MR. SYLVESTER: Okay. So you're
05:27:46 5 instructing him not to answer?

05:27:48 6 MR. FLUMENBAUM: I'm instructing him not
05:27:49 7 to answer.

05:27:49 8 BY MR. SYLVESTER:

05:27:49 9 Q. Okay. Are you going to follow your
05:27:51 10 counsel's instruction?

05:27:52 11 A. Yes.

05:27:53 12 Q. Okay. Mr. Larsen, did you donate to
05:28:06 13 Senator Cotton?

05:28:07 14 MR. FLUMENBAUM: Objection. Lack of
05:28:08 15 relevance, invasion of privacy.

05:28:11 16 MR. SYLVESTER: That's public information,
05:28:12 17 Marty.

05:28:13 18 MR. FLUMENBAUM: Well, then, if it's
05:28:14 19 public information, you don't need his answer here.
05:28:17 20 This is not appropriate.

05:28:19 21 BY MR. SYLVESTER:

05:28:20 22 Q. You can answer the question.

05:28:24 23 THE WITNESS: Are you saying I can't
05:28:26 24 answer the question?

05:28:27 25 MR. FLUMENBAUM: Andrew, what do you

05:28:28 1 think?

05:28:30 2 MR. CERESNEY: If it's public information,
05:28:30 3 Mark, you can just look it up.

05:28:32 4 MR. SYLVESTER: Then he can just tell me.
05:28:34 5 It's not an invasion of privacy.

05:28:36 6 MR. CERESNEY: Why is a political donation
05:28:37 7 that he may or may not have made to Mr. Cotton, why
05:28:42 8 does that have any potential relevance to this
05:28:45 9 matter?

05:28:45 10 MR. SYLVESTER: I mean, I think you know.

05:28:46 11 MR. CERESNEY: I actually don't.

05:28:48 12 MR. SYLVESTER: Okay.

05:28:52 13 MR. CERESNEY: You want to make a proffer
05:28:53 14 as to why it's relevant?

05:28:54 15 MR. FLUMENBAUM: Yeah, let's --

05:28:55 16 MR. SYLVESTER: Yeah. Sure. I'd be happy
05:28:56 17 to. Senator Cotton called CorpFin staff inquiring
05:29:00 18 about XRP.

05:29:02 19 MR. FLUMENBAUM: You're asking for the
05:29:03 20 notes.

05:29:04 21 MR. CERESNEY: Right. Okay. And so why
05:29:05 22 is that relevant whether he might have given a
05:29:09 23 political donation to him or not?

05:29:10 24 MR. TENREIRO: Because -- just continue,
05:29:10 25 Mark.

05:29:11 1 MR. SYLVESTER: Okay. I think the
05:29:12 2 relevance speaks for itself on that one. Are you
05:29:15 3 instructing him not to answer?

05:29:16 4 MR. FLUMENBAUM: You're opening up stuff
05:29:18 5 in this case that is going to plague you guys for --
05:29:21 6 you know, there's still another period of discovery
05:29:23 7 after this -- after these two depositions. And
05:29:27 8 you're going to open yourself up by asking these
05:29:29 9 questions. You better rethink this, Mark.

05:29:33 10 MR. SYLVESTER: Thank you for the speech,
05:29:34 11 Marty.

05:29:34 12 Is anyone instructing the witness not to
05:29:37 13 answer or may he answer?

05:29:40 14 MR. CERESNEY: It's public information, so
05:29:43 15 you can answer the question.

05:29:44 16 THE WITNESS: Yes.

05:29:44 17 BY MR. SYLVESTER:

05:29:46 18 Q. Why did you donate to Senator Cotton?

05:29:49 19 MR. FLUMENBAUM: Objection. Instruction
05:29:50 20 not to answer under Noerr-Pennington.

05:29:53 21 MR. SYLVESTER: Okay. We reserve all
05:29:54 22 rights.

05:29:55 23 MR. FLUMENBAUM: Of course.

05:29:55 24 BY MR. SYLVESTER:

05:30:08 25 Q. Mr. Larsen, are you familiar with the

05:30:10 1 messaging application Signal?

05:30:12 2 A. Yes.

05:30:13 3 Q. Have you ever used Signal?

05:30:15 4 A. Yes.

05:30:15 5 Q. When did you start using Signal?

05:30:19 6 A. I don't recall the date.

05:30:20 7 Q. Okay. Did you start using Signal during
05:30:22 8 the time that you were Ripple's CEO?

05:30:30 9 A. Not that I recall.

05:30:31 10 Q. Was it before or after the time you were
05:30:33 11 Ripple's CEO?

05:30:34 12 A. I believe it was after.

05:30:36 13 Q. Okay. You're familiar with the feature of
05:30:39 14 Signal that permits to you set messages to
05:30:41 15 disappear?

05:30:43 16 MR. FLUMENBAUM: Objection as to form.

05:30:44 17 THE WITNESS: Yes.

05:30:45 18 BY MR. SYLVESTER:

05:30:45 19 Q. Okay. Did you ever set your messages to
05:30:47 20 disappear using Signal?

05:30:52 21 A. I don't recall what the default settings
05:30:53 22 were.

05:30:57 23 Q. I see. So it's possible that the default
05:31:02 24 settings with the Signal application that you set
05:31:05 25 messages to delete; is that right?

05:31:07 1 MR. FLUMENBAUM: Objection as to form.

05:31:09 2 THE WITNESS: I don't really know that
05:31:10 3 much about the application.

05:31:12 4 BY MR. SYLVESTER:

05:31:12 5 Q. Okay. Are you aware of whether or not
05:31:13 6 Signal has ever deleted messages from your phone?

05:31:16 7 MR. FLUMENBAUM: Objection as to form.

05:31:23 8 THE WITNESS: You know, again, I'm not
05:31:27 9 that familiar with the application and how that all
05:31:30 10 works.

05:31:31 11 BY MR. SYLVESTER:

05:31:31 12 Q. When -- strike that.

05:31:37 13 Did you ever use Signal to provide
05:31:39 14 instructions regarding selling Ripple's XRP?

05:31:42 15 A. Not to my knowledge.

05:31:43 16 Q. Okay. Did you ever use Signal to provide
05:31:45 17 instructions regarding selling of your own XRP?

05:31:48 18 A. Not that I can recall.

05:31:53 19 Q. Did you ever use Signal to communicate
05:31:56 20 with Mr. Garlinghouse?

05:31:58 21 A. Yes. But we use that for phone calls from
05:32:01 22 time to time, particularly when he was overseas.

05:32:04 23 Q. Did you use Signal's text messaging
05:32:06 24 feature to communicate with Mr. Garlinghouse?

05:32:08 25 A. Rarely. It's more effective as a phone --

05:32:12 1 secure phone line.

05:32:13 2 Q. Okay. Did you ever use Signal to
05:32:15 3 communicate with Mr. Garlinghouse via text message
05:32:17 4 about XRP?

05:32:20 5 MR. FLUMENBAUM: Objection as to form.

05:32:21 6 THE WITNESS: Not that I can recall.

05:32:22 7 BY MR. SYLVESTER:

05:32:22 8 Q. Okay. Did you ever use Signal's text
05:32:26 9 messaging feature to communicate with
05:32:27 10 Mr. Garlinghouse about any Ripple business?

05:32:31 11 MR. FLUMENBAUM: Objection as to form.

05:32:31 12 THE WITNESS: Not that I can recall.

05:32:33 13 BY MR. SYLVESTER:

05:32:33 14 Q. Okay. Have you ever used Signal -- strike
05:32:37 15 that.

05:32:38 16 Have you ever used Signal's text message
05:32:40 17 feature to communicate with any Ripple board member?

05:32:43 18 MR. FLUMENBAUM: Objection as to form.

05:32:44 19 THE WITNESS: Not that I can recall.

05:32:46 20 BY MR. SYLVESTER:

05:32:46 21 Q. Okay. Have you ever used Signal's
05:32:48 22 messaging feature to communicate with any Ripple
05:32:51 23 employee?

05:32:52 24 MR. FLUMENBAUM: Objection as to form.

05:32:53 25 THE WITNESS: Not that I can recall.

05:32:57 1 BY MR. SYLVESTER:

05:32:57 2 Q. Other than Mr. Garlinghouse?

05:32:59 3 A. Correct.

05:33:25 4 Q. When you were Ripple's CEO, Ripple sold
05:33:28 5 XRP over the counter from time to time?

05:33:30 6 MR. FLUMENBAUM: Objection. Asked and
05:33:31 7 answered.

05:33:31 8 THE WITNESS: Sorry, can you repeat the
05:33:32 9 question, please.

05:33:33 10 BY MR. SYLVESTER:

05:33:33 11 Q. Sure. When you were Ripple's CEO, Ripple
05:33:36 12 sold XRP over the counter from time to time?

05:33:38 13 MR. FLUMENBAUM: Objection. Asked and
05:33:39 14 answered. We had a whole discussion about what over
05:33:41 15 the counter meant.

05:33:43 16 MR. SYLVESTER: Marty, I was asking about
05:33:45 17 his personal sales. This is about Ripple's sales.

05:33:51 18 MR. FLUMENBAUM: Well, it wasn't clear to
05:33:52 19 me from your question. I thought you were talking
05:33:54 20 about Ripple sales again.

05:33:55 21 MR. SYLVESTER: I am talking about
05:33:56 22 Ripple's sales now. I was talking about his
05:33:58 23 personal sales before.

05:33:59 24 MR. FLUMENBAUM: I thought you were
05:34:00 25 talking about Ripple's sales then too. Go ahead.

05:34:03 1 THE WITNESS: Sorry, the question was
05:34:04 2 about OTCs specifically?

05:34:06 3 MR. SYLVESTER: Yeah. Kat, do you want to
05:34:08 4 read it back? Thank you.

05:34:09 5 (Record read by the reporter
05:34:09 6 as follows:

05:34:17 7 "QUESTION: When you were
05:34:17 8 Ripple's CEO, Ripple sold XRP over
05:34:17 9 the counter from time to time?")

05:34:25 10 THE WITNESS: To the best of my
05:34:25 11 recollection, yes.

05:34:27 12 BY MR. SYLVESTER:

05:34:27 13 Q. Okay. You had a role in some of those
05:34:28 14 over-the-counter sales?

05:34:31 15 MR. FLUMENBAUM: Objection as to form.

05:34:33 16 THE WITNESS: Are you talking about when I
05:34:34 17 was CEO?

05:34:36 18 BY MR. SYLVESTER:

05:34:36 19 Q. Good clarification. Yes. When you were
05:34:38 20 CEO.

05:34:38 21 A. In my role as CEO, I do oversee the
05:34:45 22 overall company, however, team members would be
05:34:49 23 responsible for activities like that.

05:34:53 24 Q. Did you approve Ripple's OTC sales during
05:34:55 25 the time that you were CEO?

05:35:00 1 MR. FLUMENBAUM: Objection as to form.

05:35:00 2 THE WITNESS: In my capacity as CEO, I
05:35:02 3 would have had to have approved just by nature of
05:35:05 4 my -- my role.

05:35:07 5 BY MR. SYLVESTER:

05:35:07 6 Q. Okay. When you were Ripple's CEO, did you
05:35:10 7 make efforts to find buyers for Ripple's XRP?

05:35:14 8 MR. FLUMENBAUM: Objection as to form.

05:35:15 9 THE WITNESS: Not that I can recall.

05:35:17 10 BY MR. SYLVESTER:

05:35:17 11 Q. Okay. When you were Ripple's CEO, did you
05:35:20 12 participate in any negotiations of XRP sales?

05:35:25 13 MR. FLUMENBAUM: Objection as to form.

05:35:26 14 THE WITNESS: Not that I can recall.

05:35:27 15 MR. SYLVESTER: Let's look at Exhibit 26,
05:35:36 16 please.

05:35:37 17 (Whereupon, Deposition Exhibit CL-26
05:35:53 18 was marked for identification.)

05:36:05 19 THE WITNESS: Okay. I see it.

05:39:12 20 BY MR. SYLVESTER:

05:39:12 21 Q. Okay. So Exhibit 26 is a thread of emails
05:39:17 22 among Mr. Rapoport, you and [REDACTED]; is that
05:39:21 23 right?

05:39:21 24 A. Yes, that's right.

05:39:22 25 Q. Subject line, "XRP bulk purchase," dated

05:39:25 1 July 22nd, 2014?

05:39:26 2 A. Yes.

05:39:30 3 Q. Who is Mr. [REDACTED]?

05:39:32 4 A. [REDACTED] is a very early
05:39:36 5 cryptocurrency fund creator, manager and long-time
05:39:44 6 fintech entrepreneur.

05:39:48 7 Q. He was interested in purchasing XRP?

05:39:51 8 MR. FLUMENBAUM: Objection as to form.

05:39:55 9 THE WITNESS: Potentially.

05:39:55 10 BY MR. SYLVESTER:

05:39:55 11 Q. Did he ultimately purchase XRP?

05:39:59 12 A. I don't recall.

05:40:03 13 Q. Did Mr. [REDACTED] or his fund purchase XRP
05:40:06 14 at any point in time from Ripple?

05:40:08 15 MR. FLUMENBAUM: Objection as to form.

05:40:08 16 THE WITNESS: To my understanding, yes.

05:40:10 17 BY MR. SYLVESTER:

05:40:10 18 Q. For what purpose did Mr. [REDACTED] or his
05:40:18 19 fund purchase XRP from Ripple?

05:40:20 20 MR. FLUMENBAUM: Objection as to form.

05:40:25 21 THE WITNESS: He, as I mentioned, ran a
05:40:26 22 series of cryptocurrency funds, and I believe he
05:40:30 23 wanted to add XRP to one or several of his funds.

05:40:35 24 BY MR. SYLVESTER:

05:40:35 25 Q. Okay. Looking at page ending -462, there

05:40:41 1 appears to be an email from you to Mr. [REDACTED] and
05:40:44 2 Mr. Rapoport.

05:40:46 3 Do you see that?

05:40:46 4 A. Yes.

05:40:47 5 Q. You say -- you begin and say:

05:40:49 6 "Here are the terms we're

05:40:50 7 using now for large blocks of XRP."

05:40:52 8 Is that right?

05:40:53 9 A. I see that.

05:40:54 10 Q. And then there's a number of terms that
05:40:55 11 you list below that.

05:40:57 12 Do you see that?

05:40:57 13 A. I do.

05:40:58 14 Q. Did you set those terms?

05:41:00 15 A. I believe those were set by Phil Rapoport,
05:41:06 16 but because I had a relationship, long relationship
05:41:08 17 with [REDACTED], that Phil thought it was a good thing
05:41:15 18 for me to talk to him about it.

05:41:17 19 Q. Did Mr. Rapoport consult with you on what
05:41:20 20 sale terms to set for Mr. [REDACTED]?

05:41:23 21 A. To the best of my recollection, yes.

05:41:24 22 Q. And did you approve those terms?

05:41:30 23 A. To the best of my recollection, yes.

05:41:32 24 Q. Right under "size," do you see where it
05:41:34 25 says "lockup"?

05:41:36 1 A. I'm sorry, which page are you on?

05:41:37 2 Q. We're on 462.

05:41:44 3 A. Yes, I see that.

05:41:44 4 Q. Okay. After lockup, you say:

05:41:46 5 "No XRP can be sold for [REDACTED]

05:41:48 6 [REDACTED]."

05:41:49 7 Do you see that?

05:41:49 8 A. Yes.

05:41:50 9 Q. What was the purpose of that lockup
05:41:51 10 provision?

05:41:54 11 A. I believe the purpose was that [REDACTED] is a
05:41:57 12 long-time holder, so for exchange in holding the
05:42:03 13 cryptocurrency for a period of time, that he would
05:42:10 14 get a discount, liquidity discount, if you will,
05:42:16 15 from the spot market price.

05:42:18 16 Q. Why did you want Mr. [REDACTED] to hold the
05:42:21 17 XRP for a period of time?

05:42:23 18 MR. FLUMENBAUM: Objection as to form.

05:42:27 19 THE WITNESS: That would be a constructive
05:42:29 20 thing for building liquidity.

05:42:35 21 BY MR. SYLVESTER:

05:42:35 22 Q. How would Mr. [REDACTED] holding the XRP
05:42:38 23 for [REDACTED] be a constructive thing for building
05:42:41 24 liquidity?

05:42:42 25 MR. FLUMENBAUM: Objection as to form.

05:42:47 1 THE WITNESS: Because if Mr. [REDACTED]
05:42:49 2 included XRP in the cryptocurrencies in his fund,
05:42:56 3 that would be a constructive thing, it likely would
05:42:59 4 be, you know, brought into the ecosystem.

05:43:04 5 BY MR. SYLVESTER:

05:43:04 6 Q. Did you have any concern that if
05:43:06 7 Mr. [REDACTED] immediately resold the XRP, it would
05:43:09 8 depress XRP's price?

05:43:11 9 MR. FLUMENBAUM: Objection as to form.

05:43:14 10 THE WITNESS: Well, again, what
05:43:16 11 Mr. [REDACTED] is doing is trading liquidity, the
05:43:22 12 ability to sell for a discount to the spot price.
05:43:30 13 So that's entirely -- that's a financial
05:43:33 14 calculation.

05:43:37 15 BY MR. SYLVESTER:

05:43:37 16 Q. You write a little further down after the
05:43:39 17 list of terms:

05:43:40 18 "We are in the process of
05:43:41 19 putting together a block purchase
05:43:42 20 for some hedge fund investors with
05:43:45 21 these same terms."

05:43:46 22 Do you see that?

05:43:47 23 A. Yes.

05:43:47 24 Q. Did Ripple sell XRP in blocks to hedge
05:43:51 25 fund investors?

05:43:54 1 A. I don't recall.

05:43:59 2 Q. Were you a part of any discussions with
05:44:00 3 hedge fund investors who were interested in
05:44:04 4 potentially purchasing XRP?

05:44:10 5 A. Yeah. I believe I was -- had discussed
05:44:13 6 with [REDACTED] as well.

05:44:16 7 Q. I see.

05:44:18 8 And [REDACTED] ultimately did purchase XRP; is
05:44:23 9 that right?

05:44:24 10 A. Yes.

05:44:26 11 Q. Turning to the first page of this document
05:44:28 12 of Exhibit 26, do you see where Mr. [REDACTED] writes
05:44:32 13 in the last paragraph:

05:44:33 14 "Also with respect to the XRP
05:44:35 15 investment vehicle question, yes,
05:44:36 16 that exactly -- that is exactly
05:44:38 17 what we're doing"?

05:44:41 18 MR. FLUMENBAUM: Where are you reading
05:44:42 19 from?

05:44:42 20 MR. SYLVESTER: It's the last paragraph on
05:44:43 21 the first page of this exhibit starting with the
05:44:45 22 word "also."

05:44:47 23 THE WITNESS: Yes, I see that.

05:44:49 24 BY MR. SYLVESTER:

05:44:49 25 Q. Okay. Mr. [REDACTED] was contemplating

05:44:52 1 forming an XRP investment vehicle?

05:44:54 2 A. Appears so, yes.

05:44:55 3 Q. Okay. If you look at page 455, this is
05:45:05 4 part of an email from Mr. Rapoport. The fourth
05:45:12 5 whole paragraph down that starts with "This is
05:45:14 6 partially."

05:45:14 7 Do you see that?

05:45:32 8 A. Yes, I see that.

05:45:33 9 Q. Do you see the last sentence in the
05:45:35 10 bracket says -- Mr. Rapoport writes:

05:45:37 11 "Side note: If you are
05:45:38 12 contemplating an XRP investment
05:45:40 13 vehicle for outside investors, this
05:45:42 14 is something we'd love to cooperate
05:45:44 15 with you on. We're already in
05:45:46 16 motion here."

05:45:47 17 Do you see that?

05:45:48 18 A. I see that.

05:45:48 19 Q. Okay. Was Ripple, at this time,
05:45:50 20 contemplating being involved in an XRP investment
05:45:53 21 vehicle for outside investors?

05:45:58 22 MR. FLUMENBAUM: Objection as to form.

05:46:01 23 THE WITNESS: That would -- to the best of
05:46:02 24 my understanding, yes.

25 / /

05:46:05 1 BY MR. SYLVESTER:

05:46:05 2 Q. Okay. What was the nature of those
05:46:10 3 potential -- strike that.

05:46:11 4 What was the nature of the potential XRP
05:46:13 5 investment vehicle that Ripple was contemplating
05:46:15 6 being involved with?

05:46:18 7 MR. FLUMENBAUM: Objection as to form.

05:46:19 8 THE WITNESS: I don't recall the details
05:46:21 9 of -- of that.

05:46:22 10 BY MR. SYLVESTER:

05:46:22 11 Q. Ripple was starting -- strike that.

05:46:24 12 Ripple was considering starting up its own
05:46:26 13 XRP investment fund?

05:46:29 14 MR. FLUMENBAUM: Objection as to form.

05:46:30 15 THE WITNESS: I believe Phil was exploring
05:46:31 16 that.

05:46:33 17 BY MR. SYLVESTER:

05:46:33 18 Q. Did Ripple ultimately start its own XRP
05:46:37 19 investment fund?

05:46:38 20 A. To the best of my understanding, no.

05:46:40 21 Q. Why not?

05:46:41 22 MR. FLUMENBAUM: Objection as to form.

05:46:42 23 You may answer.

05:46:45 24 THE WITNESS: Yeah. I don't recollect why
05:46:46 25 not.

05:46:47 1 BY MR. SYLVESTER:

05:46:47 2 Q. Okay. If you look at page ending -456,
05:46:56 3 the very last paragraph of Mr. Rapoport's email, he
05:47:00 4 says:

05:47:00 5 "We're obviously keen to get
05:47:02 6 you more involved, and in
05:47:03 7 particular, it would be great if we
05:47:04 8 could find a way to cooperate on
05:47:06 9 marketing your potential XRP
05:47:09 10 vehicle, post a Jed resolution."
05:47:11 11 Do you see that?

05:47:11 12 A. I see that.

05:47:13 13 Q. Okay. Did Ripple ultimately cooperate on
05:47:17 14 marketing any XRP vehicles?

05:47:19 15 MR. FLUMENBAUM: Objection as to form.

05:47:21 16 THE WITNESS: Not to my recollection.

05:47:23 17 BY MR. SYLVESTER:

05:47:23 18 Q. Did it cause you any concern at the time
05:47:26 19 in light of the legal advice he received in the
05:47:29 20 Perkins Coie memo that you would be -- that Ripple
05:47:32 21 would be marketing a potential XRP investment
05:47:34 22 vehicle?

05:47:35 23 MR. FLUMENBAUM: Objection as to form.

05:47:37 24 THE WITNESS: Well, no. I would assume
05:47:39 25 that it would be done in a regulatorily compliant

05:47:42 1 way.

05:47:51 2 BY MR. SYLVESTER:

05:47:51 3 Q. Did Ripple place any restrictions on what
05:47:54 4 any over-the-counter purchaser could do with its
05:47:57 5 XRP?

05:47:59 6 MR. FLUMENBAUM: Objection as to form.

05:48:01 7 THE WITNESS: I believe this email, again,
05:48:05 8 talks about a tradeoff of discount to lockup.

05:48:09 9 BY MR. SYLVESTER:

05:48:09 10 Q. So there was a -- restrictions on occasion
05:48:12 11 placed on the time period with which the XRP
05:48:15 12 purchaser could resell the XRP; is that right?

05:48:20 13 MR. FLUMENBAUM: Objection as to form.

05:48:20 14 THE WITNESS: Well, it's stated in this
05:48:23 15 email, is what I'm referring to.

05:48:24 16 BY MR. SYLVESTER:

05:48:24 17 Q. Okay. Outside of this email
05:48:29 18 correspondence with Mr. [REDACTED], did Ripple place
05:48:32 19 resale restrictions on any other OTC purchasers of
05:48:37 20 XRP?

05:48:37 21 A. Not that I can recall.

05:48:39 22 Q. Okay. Did Ripple place any restrictions
05:48:42 23 on what any OTC purchaser could use their XRP for?

05:48:48 24 MR. FLUMENBAUM: Objection as to form.

05:48:49 25 THE WITNESS: Not that I can recall.

05:48:53 1 Sorry.

05:48:53 2 BY MR. SYLVESTER:

05:48:53 3 Q. Sure.

05:48:56 4 A. Obviously, with the focus on making sure
05:48:58 5 that no illegal activity was being conducted in such
05:49:02 6 a transaction.

05:49:04 7 Q. Okay. While you were CEO, did Ripple sell
05:49:07 8 XRP over the counter to [REDACTED]?

05:49:13 9 A. I'm not sure how to characterize that.
05:49:17 10 That would be under the jurisdiction of the Japanese
05:49:22 11 at FSA.

05:49:24 12 Q. I see. [REDACTED] is a Japanese entity?

05:49:28 13 A. It is.

05:49:28 14 Q. Removing the characterization of the sale,
05:49:30 15 did Ripple sell XRP to [REDACTED]?

05:49:34 16 MR. FLUMENBAUM: Objection as to form.

05:49:34 17 You may answer.

05:49:38 18 THE WITNESS: Yes. Yes.

05:49:40 19 BY MR. SYLVESTER:

05:49:40 20 Q. Did Ripple sell XRP to [REDACTED] while you were
05:49:44 21 CEO?

05:49:45 22 A. To the best of my recollection, I believe
05:49:48 23 that was after.

05:49:49 24 Q. Okay. After Ripple sold XRP to [REDACTED], what
05:49:56 25 did [REDACTED] do with the XRP it purchased?

05:50:01 1 MR. FLUMENBAUM: Objection as to form.

05:50:02 2 THE WITNESS: I believe that they were
05:50:03 3 trying to further their financial technology
05:50:09 4 offerings in Japan.

05:50:11 5 BY MR. SYLVESTER:

05:50:11 6 Q. And how did they use XRP to do that?

05:50:14 7 MR. FLUMENBAUM: Objection as to form.

05:50:16 8 THE WITNESS: I don't recall.

05:50:17 9 BY MR. SYLVESTER:

05:50:17 10 Q. Did [REDACTED] resell any of the XRP it purchased
05:50:20 11 from Ripple?

05:50:22 12 MR. FLUMENBAUM: Objection as to form.

05:50:26 13 THE WITNESS: To the best of my
05:50:26 14 recollection, I believe that they did, in some
05:50:28 15 cases.

05:50:28 16 BY MR. SYLVESTER:

05:50:35 17 Q. Did Ripple place any restrictions on [REDACTED]
05:50:38 18 ability to resell XRP it purchased from Ripple?

05:50:41 19 A. I believe that that agreement included a
05:50:46 20 discount in exchange for some form of lockup.

05:50:49 21 Q. And that agreement was entered -- strike
05:50:51 22 that.

05:50:51 23 Was that agreement entered into during the
05:50:54 24 period where you were chairman?

05:51:00 25 MR. FLUMENBAUM: Objection. Asked and

05:51:00 1 answered.

05:51:00 2 You can answer it again.

05:51:02 3 THE WITNESS: That -- to the best of my
05:51:04 4 recollection, yes.

05:51:04 5 BY MR. SYLVESTER:

05:51:04 6 Q. And did you have any involvement in
05:51:07 7 finalizing that agreement?

05:51:11 8 MR. FLUMENBAUM: Objection as to form.

05:51:12 9 You may answer.

05:51:14 10 THE WITNESS: Well, while I'm chairman, of
05:51:16 11 course, Brad is the CEO and the leadership team is
05:51:21 12 responsible for the details of any transaction. In
05:51:24 13 my capacity as a board member, though, that is a
05:51:27 14 transaction likely to have been approved by the
05:51:30 15 board.

05:51:30 16 BY MR. SYLVESTER:

05:51:30 17 Q. Okay. You have a direct relationship with
05:51:32 18 [REDACTED] though, right?

05:51:34 19 MR. FLUMENBAUM: Objection as to form.

05:51:36 20 THE WITNESS: When you say "direct
05:51:36 21 relationship," could you be more specific, please.

05:51:40 22 BY MR. SYLVESTER:

05:51:40 23 Q. Sure. You have regular contact with
05:51:43 24 representatives of [REDACTED] on behalf of Ripple?

05:51:47 25 MR. FLUMENBAUM: Objection as to form.

05:51:47 1 THE WITNESS: I serve on the board of [REDACTED]
05:51:54 2 [REDACTED] so in my capacity as a board
05:51:58 3 member, I'll participate in board meetings, which
05:52:02 4 are fairly infrequent.

05:52:04 5 BY MR. SYLVESTER:

05:52:04 6 Q. How about monthly calls with [REDACTED]; do you
05:52:07 7 participate in those?

05:52:10 8 A. There was a period when I had periodic
05:52:14 9 calls with the CEO, Mr. [REDACTED], but not -- not in
05:52:22 10 some period of time.

05:52:25 11 Q. Was that period where you had periodic
05:52:31 12 calls with the CEO, was that after you were CEO of
05:52:34 13 Ripple?

05:52:36 14 MR. FLUMENBAUM: Objection as to form.

05:52:37 15 THE WITNESS: I don't recall the dates.

05:52:41 16 MR. SYLVESTER: Let's look at Exhibit 75,
05:52:49 17 please.

05:52:52 18 (Whereupon, Deposition Exhibit CL-75
05:52:53 19 was marked for identification.)

05:53:02 20 MR. FLUMENBAUM: It's a long day.

05:53:06 21 THE WITNESS: Voice is going.

05:53:09 22 ZOOM PARTICIPANT: Exhibit 75?

05:53:10 23 MR. SYLVESTER: That's right.

05:53:12 24 ZOOM PARTICIPANT: Thank you.

25 / /

05:53:13 1 MR. SYLVESTER: 75, for the record, is a
05:54:03 2 thread of emails among Mr. Larsen, Patrick Griffin,
05:54:07 3 Mr. Garlinghouse and [REDACTED], top email
05:54:11 4 dated November 13th, 2016.

05:56:26 5 THE WITNESS: Okay.

05:56:30 6 BY MR. SYLVESTER:

05:56:31 7 Q. So on the second page of the document,
05:56:33 8 ending -131, where Mr. Griffin writes, "Chris,
05:56:39 9 Brad."

05:56:39 10 Do you see that?

05:56:41 11 A. Yes.

05:56:42 12 Q. Okay. The last sentence of the first
05:56:44 13 paragraph reads:

05:56:45 14 "While [REDACTED] is the impetus for
05:56:48 15 these considerations, the
05:56:49 16 underlying premise that a more
05:56:50 17 predictable distribution of XRP is
05:56:53 18 needed to attract institutional
05:56:54 19 investors to XRP is applicable to
05:56:56 20 all investors and users of XRP."

05:56:59 21 Do you see that?

05:57:00 22 A. I do.

05:57:02 23 Q. Is [REDACTED] Mr. [REDACTED] fund?

05:57:06 24 A. I believe that's correct.

05:57:07 25 Q. Okay. The underlying premise that

05:57:12 1 Mr. Griffin describes, did you agree with that at
05:57:15 2 the time of this email?

05:57:16 3 MR. FLUMENBAUM: Objection as to form.

05:57:21 4 THE WITNESS: I agree with his being
05:57:22 5 creative and being, you know, thoughtful.

05:57:25 6 BY MR. SYLVESTER:

05:57:25 7 Q. Okay. Did you agree that a more
05:57:27 8 predictable distribution of XRP is needed to attract
05:57:31 9 institutional investors to XRP?

05:57:33 10 MR. FLUMENBAUM: Objection as to form.

05:57:33 11 THE WITNESS: I don't recall.

05:57:34 12 BY MR. SYLVESTER:

05:57:34 13 Q. You don't recall if you agreed with that
05:57:37 14 at the time?

05:57:40 15 A. Yeah, I -- I don't see any issue with it.

05:57:47 16 Q. Can you explain what you mean by "I don't
05:57:50 17 see any issue with it"?

05:57:52 18 A. Well, I think this is a critique from
05:57:54 19 [REDACTED]. I don't agree with his critique, but
05:57:59 20 Patrick is doing the right thing for trying to be
05:58:03 21 thoughtful about possible other -- other ideas.

05:58:11 22 Q. And Patrick's proposal generally describes
05:58:13 23 an escrow of a certain amount of XRP by Ripple; is
05:58:17 24 that right?

05:58:19 25 A. I think he's talking about something else

05:58:20 1 here.

05:58:31 2 Q. This is -- you're saying this is different
05:58:33 3 than -- the proposal here is different than the
05:58:35 4 escrow of XRP that Ripple ultimately entered into;
05:58:39 5 is that what you mean?

05:58:40 6 A. That's my understanding, yes.

05:58:42 7 Q. Okay.

05:58:42 8 A. Are you referring to what ended up being
05:58:45 9 the escrow?

05:58:47 10 Q. Yes.

05:58:47 11 A. I believe this is --

05:58:48 12 Q. I think we're talking about the same
05:58:50 13 thing. Ripple -- let's set a foundation.

05:58:51 14 Ripple ultimately did escrow approximately
05:58:54 15 55 billion XRP; is that right?

05:58:55 16 A. Correct.

05:58:57 17 MR. FLUMENBAUM: Objection as to form.

05:58:58 18 Go ahead.

05:58:58 19 THE WITNESS: Correct. But I believe this
05:58:59 20 is a completely different thing that never happened.

05:59:01 21 BY MR. SYLVESTER:

05:59:01 22 Q. Okay. I see. Okay.

05:59:12 23 Did you agree -- looking down at the
05:59:14 24 bottom of Mr. Griffin's email on page 131, did you
05:59:20 25 agree with his statement that OTC's sales were about

05:59:23 1 50 percent of XRP sales at the time for Ripple?

05:59:26 2 A. I don't -- I don't recollect that.

05:59:33 3 Q. Okay. The top email, the first page, you
05:59:36 4 say:

05:59:36 5 "The Plan looks good enough to
05:59:38 6 present to [REDACTED] Nice work."

05:59:41 7 Do you see that?

05:59:41 8 A. Yeah.

05:59:42 9 Q. Okay. Do you know if Mr. Griffin did
05:59:44 10 present the plan to [REDACTED]

05:59:46 11 A. I don't recall.

05:59:47 12 Q. Okay. Turning back, divorcing ourselves
05:59:59 13 from the document and discussing the escrow that
06:00:04 14 Ripple ultimately entered into of its approximately
06:00:08 15 55 billion XRP, were you involved at all in the
06:00:13 16 decision to place those XRP in escrow?

06:00:17 17 A. Yes.

06:00:17 18 Q. What was your involvement?

06:00:22 19 A. So I believe I was chairman at that point.
06:00:26 20 And as chairman, I would be part of the board's
06:00:29 21 approval of something that large.

06:00:33 22 Q. Okay. Why did Ripple decide to escrow
06:00:36 23 55 billion XRP?

06:00:36 24 MR. FLUMENBAUM: Objection as to form.

06:00:38 25 You may answer.

06:00:40 1 THE WITNESS: We believe that there was
06:00:43 2 some -- some concern that Ripple could dump its
06:00:51 3 holdings and that that would be a bad thing. Now, I
06:00:56 4 think it was pretty clear that the company had
06:00:59 5 established a very good track record that should
06:01:07 6 have mitigated any concern like that. Nonetheless,
06:01:10 7 it seemed constructive, from a point of view of
06:01:13 8 driving trust, that putting it in an escrow would
06:01:18 9 alleviate any concerns that a small number of people
06:01:22 10 might have had about that.

06:01:25 11 BY MR. SYLVESTER:

06:01:26 12 Q. What was the basis of your belief that
06:01:27 13 there was some concern that Ripple could dump its
06:01:30 14 holdings?

06:01:31 15 MR. FLUMENBAUM: Objection as to form.

06:01:31 16 THE WITNESS: We had heard feedback from
06:01:36 17 some quarters about that.

06:01:39 18 BY MR. SYLVESTER:

06:01:39 19 Q. When you say "some quarters," can you be
06:01:42 20 more specific?

06:01:45 21 A. Just, you know, what you might pick up in
06:01:48 22 critiques or discussions.

06:01:54 23 Q. Did you learn about -- concern about
06:01:58 24 Ripple dumping its XRP through Ripple's efforts to
06:02:02 25 monitor press about XRP?

06:02:08 1 MR. FLUMENBAUM: Objection as to form.

06:02:09 2 THE WITNESS: I don't recall exactly
06:02:10 3 those -- those avenues, but we were concluded enough
06:02:17 4 that that was a concern by some.

06:02:19 5 BY MR. SYLVESTER:

06:02:19 6 Q. Were the critiques, in your view, from the
06:02:25 7 XRP community?

06:02:28 8 MR. FLUMENBAUM: Objection as to form.

06:02:29 9 THE WITNESS: I don't recall.

06:02:30 10 BY MR. SYLVESTER:

06:02:30 11 Q. Okay. Were they from BTC maximalists?

06:02:35 12 MR. FLUMENBAUM: Objection as to form.

06:02:35 13 THE WITNESS: I don't recall, but, you
06:02:37 14 know, we came to that conclusion, that that was a
06:02:40 15 concern that could be easily addressed.

06:02:42 16 BY MR. SYLVESTER:

06:02:42 17 Q. Was it a concern that was held by
06:02:47 18 purchasers of XRP?

06:02:51 19 MR. FLUMENBAUM: Objection as to form.

06:02:57 20 THE WITNESS: I don't recall.

06:02:57 21 BY MR. SYLVESTER:

06:02:57 22 Q. I'm a little confused, Mr. Larsen. Ripple
06:03:05 23 escrowed 55 billion of its XRP based on the concerns
06:03:08 24 of some unknown constituencies? Who was it that was
06:03:13 25 concerned?

06:03:14 1 MR. FLUMENBAUM: Objection as to form.

06:03:14 2 THE WITNESS: Well, I think others in the
06:03:17 3 company would probably have more details about those
06:03:19 4 concerns. Suffice it to say that we became
06:03:23 5 convinced enough that that's something that could be
06:03:26 6 addressed through an escrow. There's no downside.
06:03:30 7 We wouldn't have, of course, dumped in any event, so
06:03:36 8 it's not a big effort to put it in an escrow.

06:03:44 9 BY MR. SYLVESTER:

06:03:44 10 Q. Others in Ripple reported to you that they
06:03:46 11 were aware of concerns in the XRP community about a
06:03:48 12 Ripple dumping event?

06:03:51 13 MR. FLUMENBAUM: Objection as to form.

06:03:52 14 THE WITNESS: Yes. As best as I can
06:03:53 15 recollect.

06:03:54 16 BY MR. SYLVESTER:

06:03:54 17 Q. Okay. And those that reported to you,
06:03:56 18 what did they tell you about the concerns about a
06:03:59 19 Ripple dumping event?

06:04:01 20 MR. FLUMENBAUM: About Ripple what?

06:04:03 21 MR. SYLVESTER: A Ripple dumping event.

06:04:05 22 MR. FLUMENBAUM: Dumping -- event, is it?

06:04:06 23 THE WITNESS: I don't know if I'd put it
06:04:08 24 as an event. I'd put it as a concern that may have
06:04:12 25 been eroding trust. Which, again, our focus on

06:04:17 1 trust, utility and liquidity, that seemed like a
06:04:22 2 pretty easy thing to address with an escrow.

06:04:24 3 BY MR. SYLVESTER:

06:04:24 4 Q. Eroding trust in XRP you mean?

06:04:26 5 MR. FLUMENBAUM: Objection as to form.

06:04:27 6 THE WITNESS: Eroding trust in us.

06:04:30 7 BY MR. SYLVESTER:

06:04:30 8 Q. In Ripple?

06:04:32 9 A. Correct.

06:04:33 10 Q. And how did Ripple escrowing 55 billion of
06:04:41 11 its XRP enhance trust in Ripple?

06:04:47 12 A. Well, once it's put in an escrow, it's
06:04:52 13 cryptographically impossible to take it out, so,
06:04:55 14 therefore, it's impossible to dump. So it's simply
06:04:58 15 a nonissue.

06:05:03 16 Q. Did Ripple publicly announce that it was
06:05:06 17 planning to escrow a portion of its XRP?

06:05:12 18 A. Yes.

06:05:12 19 Q. Was there any reaction in the XRP market
06:05:16 20 to that announcement?

06:05:18 21 MR. FLUMENBAUM: Objection as to form.

06:05:21 22 THE WITNESS: It's always hard to tell
06:05:24 23 what is a cause of a reaction in the market, but I
06:05:28 24 believe that that was looked at favorably.

25 / /

06:05:31 1 BY MR. SYLVESTER:

06:05:31 2 Q. And how -- how could you tell that the
06:05:37 3 market reacted to that news favorably?

06:05:41 4 MR. FLUMENBAUM: Objection as to form.

06:05:42 5 THE WITNESS: Well, I think clearly the
06:05:43 6 commentary by people that watched these markets was
06:05:47 7 favorable. So that was -- seemed like a positive
06:05:52 8 thing.

06:05:52 9 BY MR. SYLVESTER:

06:05:52 10 Q. Was there any change in XRP's trading
06:05:56 11 volume as a result of the announcement?

06:05:58 12 A. I don't recall in the volume. Yeah, I
06:06:01 13 don't recall.

06:06:02 14 Q. Was there any change in XRP's price as a
06:06:05 15 result of the announcement?

06:06:07 16 MR. FLUMENBAUM: Objection as to form.

06:06:08 17 THE WITNESS: It's my understanding that
06:06:09 18 the price increased after that announcement.
06:06:12 19 Whether or not that's tied to that announcement,
06:06:15 20 again, it's very difficult to tell, especially since
06:06:18 21 most of the moves, by overwhelming amount of moves
06:06:23 22 in the cryptocurrency markets are correlated with
06:06:27 23 each other.

06:06:27 24 MR. SYLVESTER: Let look at 20 --
06:06:30 25 Exhibit 206, please.

06:06:31 1 (Whereupon, Deposition Exhibit CL-206
06:06:32 2 was marked for identification.)

06:06:36 3 BY MR. SYLVESTER:

06:07:21 4 Q. Exhibit 206 is a text message from you,
06:07:24 5 Mr. Larsen, to Gene Sperling, dated May 16th,
06:07:29 6 2017; is that right?

06:07:30 7 A. Yes.

06:07:30 8 Q. Okay. Who's Gene Sperling?

06:07:33 9 A. Gene Sperling was a former board member
06:07:38 10 and used to be President Obama's head of the
06:07:44 11 National Economic Council, I believe. And then was
06:07:46 12 also a deputy director at the treasury department.

06:07:52 13 Q. Was Mr. Sperling a board member of Ripple
06:07:54 14 at the time of this text message?

06:07:59 15 A. To the best of my recollection, yes.

06:08:00 16 Q. Okay. And you write:

06:08:01 17 "Good response to the lockup
06:08:03 18 news so far. BTW, we're thinking
06:08:05 19 of creating an XRP monetary policy
06:08:08 20 board, would love to brainstorm on
06:08:11 21 who we might recruit."

06:08:11 22 Do you see that?

06:08:13 23 A. I do.

06:08:13 24 Q. Is the lockup news referenced here the
06:08:14 25 announcement of Ripple's escrow of XRP?

06:08:19 1 A. I believe that's correct.

06:08:20 2 Q. You mention also you were thinking of
06:08:21 3 creating an XRP monetary policy board?

06:08:25 4 A. Brainstorming, yes.

06:08:26 5 Q. What purpose would an XRP monetary policy
06:08:29 6 board serve?

06:08:32 7 A. Well, first of all, it was brainstorming.
06:08:34 8 We do a lot of brainstorming. So first step is kind
06:08:38 9 of what -- what innovation could you think about,
06:08:43 10 that's step 1. Any innovative process, of course,
06:08:47 11 down the road would be, is that regulatorily
06:08:53 12 compliant as a -- within the financial technology
06:08:55 13 regulatory regimes.

06:08:57 14 Q. What -- what purpose -- or strike that.
06:09:02 15 Would an XRP monetary policy board be of
06:09:04 16 any benefit to Ripple?

06:09:06 17 MR. FLUMENBAUM: Objection as to form.

06:09:07 18 THE WITNESS: I don't know. Again, it was
06:09:10 19 brainstorming, so it's very early. And Gene
06:09:14 20 Sperling is such an awesome guy to talk to about
06:09:18 21 economics and finance. It would be the kind of
06:09:20 22 thing I would have enjoyed talking to him about.

06:09:22 23 MR. SYLVESTER: Okay. Let's look at
06:09:26 24 Exhibit 207, please.

25 / /

06:09:27 1 (Whereupon, Deposition Exhibit CL-207
06:09:28 2 was marked for identification.)

06:09:31 3 BY MR. SYLVESTER:

06:09:55 4 Q. Exhibit 207 is two text messages both from
06:09:58 5 you to Mr. Sperling on December 7th, 2017.

06:10:02 6 Do you see that?

06:10:02 7 A. I do.

06:10:03 8 MR. FLUMENBAUM: Hold on a second. Hold
06:10:04 9 on a second. The Bates numbers are not consecutive.
06:10:09 10 You have 2781 on the back of 2783.

06:10:17 11 MR. SYLVESTER: Okay. That's fine.

06:10:24 12 MR. FLUMENBAUM: There might be something
06:10:25 13 in between.

06:10:26 14 MR. SYLVESTER: Okay. Let me ask
06:10:27 15 Mr. Larsen if he recalls what this is about.

06:10:30 16 Q. Mr. Larsen, was December --

06:10:32 17 MR. FLUMENBAUM: The times also are -- or
06:10:35 18 the date looks the same but the times look different
06:10:38 19 to me.

06:10:38 20 MR. SYLVESTER: Okay. Duly noted.

06:10:42 21 Q. Mr. Larsen, was December 7th, 2017, the
06:10:44 22 date that Ripple completed its escrow of the
06:10:48 23 55 billion XRP?

06:10:49 24 A. I don't know the exact date of that
06:10:52 25 completion.

06:10:52 1 Q. Okay. You write on page 1 of the exhibit:
06:10:55 2 "Market liked our 55 billion
06:10:58 3 XRP lockup - just successfully
06:11:01 4 completed."

06:11:02 5 Do you see that?

06:11:02 6 A. I do.

06:11:02 7 Q. Okay. Does that refresh your recollection
06:11:03 8 that it was that date on which the lockup was
06:11:06 9 completed?

06:11:09 10 A. Well, I have no way of knowing if that was
06:11:11 11 the date it was completed or that's simply the date
06:11:15 12 that I was texting Mr. Sperling.

06:11:17 13 Q. That's a fair point.

06:11:18 14 On page 2, you write Mr. Sperling:

06:11:20 15 "And 18bn in volume" --

06:11:23 16 MR. FLUMENBAUM: So the record's clear,
06:11:25 17 page 2 is 2781.

06:11:27 18 MR. SYLVESTER: Yes.

06:11:28 19 Q. On 2781 you write Mr. Sperling: "And 18bn
06:11:31 20 in volume" -- sorry, "in vol. Incredible."

06:11:34 21 Do you see that?

06:11:36 22 A. I do.

06:11:36 23 Q. Do you take that to be volume of XRP?

06:11:40 24 A. I believe so.

06:11:42 25 Q. Okay. And why was that incredible to you?

06:11:46 1 A. Well, \$18 billion is a lot, and I think
06:11:50 2 that was more than you would have seen typically.

06:11:56 3 Q. Okay. Mr. Larsen, does monetary policy
06:12:11 4 normally refer to how much currency is in
06:12:14 5 circulation?

06:12:15 6 MR. FLUMENBAUM: Objection as to form.

06:12:18 7 THE WITNESS: Well, monetary policy is a
06:12:20 8 very complex domain, so I think it means different
06:12:25 9 things to different people.

06:12:33 10 BY MR. SYLVESTER:

06:12:33 11 Q. Isn't monetary policy typically set by a
06:12:42 12 central bank?

06:12:43 13 MR. FLUMENBAUM: Objection as to form.

06:12:45 14 THE WITNESS: Well, I mean, again, if
06:12:47 15 you're asking me, you know, in what context did I
06:12:50 16 use it, in a brainstorming idea, it could simply be
06:12:55 17 as simple as money policy. And since, you know,
06:13:01 18 these are currencies and these are monies, what's
06:13:07 19 your policy.

06:13:09 20 So, yeah. And, again, it's something we
06:13:12 21 actually did not do. But it's a fun, you know,
06:13:17 22 brain exercise.

06:13:19 23 BY MR. SYLVESTER:

06:13:19 24 Q. And in this context, it would be just
06:13:22 25 Ripple's policies with respect to XRP; is that

06:13:25 1 right?

06:13:26 2 MR. FLUMENBAUM: Objection as to form.

06:13:28 3 THE WITNESS: Yeah. Again, this is so
06:13:30 4 preliminary as even a suggestion of a brainstorming
06:13:34 5 session, which I don't think ever happened, so yeah.

06:13:38 6 MR. SYLVESTER: Let's look at Exhibit 32,
06:13:45 7 please.

06:14:05 8 (Whereupon, Deposition Exhibit CL-32
06:14:05 9 was marked for identification.)

06:14:06 10 BY MR. SYLVESTER:

06:14:29 11 Q. Exhibit 32 appears to be a string of
06:14:32 12 emails between you, Mr. Larsen. The top email is to
06:14:38 13 [REDACTED]. I'm not sure how to say that
06:14:42 14 name.

06:14:43 15 A. [REDACTED].

06:14:44 16 Q. [REDACTED]. Thank you. Dated January 25th,
06:14:46 17 2015. And then some of the other emails are with
06:14:49 18 [REDACTED]@gmail.com.

06:16:34 19 A. Okay.

06:16:34 20 Q. Who is [REDACTED]?

06:16:37 21 A. He is a member of the [REDACTED].

06:16:45 22 Q. And you write to Mr. [REDACTED] on page Bates
06:16:51 23 ending -294:

06:16:52 24 "Here's a first stab at a
06:16:55 25 promotional XRP distribution

06:16:56 1 agreement."

06:16:57 2 Do you see that?

06:16:57 3 A. I do.

06:16:59 4 Q. Okay. What was the agreement being
06:17:02 5 contemplated between Ripple and Mr. [REDACTED]?

06:17:06 6 A. Well, [REDACTED] was really trying to get an
06:17:13 7 agreement to get XRP to move forward with a
06:17:18 8 relationship with the company.

06:17:23 9 Q. And what kind of relationship was
06:17:24 10 contemplated by [REDACTED]?

06:17:26 11 A. Well, I believe that they wanted territory
06:17:30 12 in China. To be honest with you, I can't recollect.
06:17:34 13 But we didn't go through with this.

06:17:38 14 MR. SYLVESTER: Okay. I think we have
06:17:42 15 about a half an hour left. I'd like to take a very
06:17:45 16 short break.

06:17:46 17 THE WITNESS: Sure.

06:17:47 18 MR. SYLVESTER: Is that all right with
06:17:48 19 everyone?

06:17:49 20 THE VIDEOGRAPHER: Okay. We are off the
06:17:50 21 record at 6:17 p.m.

06:18:12 22 (Whereupon, a recess was taken.)

06:34:28 23 THE VIDEOGRAPHER: This is the start of
06:34:28 24 File Number 7. We're back on the record at
06:34:31 25 6:34 p.m.

06:34:36 1 MR. FLUMENBAUM: Mr. Sylvester, I'm sure
06:34:36 2 you did not intend to do this on purpose. But
06:34:40 3 you -- the documents that you marked were misleading
06:34:44 4 about the 18 billion in volume. 2781 has nothing to
06:34:50 5 do with 2783. And it has nothing to do, in fact,
06:34:57 6 with XRP. It has to do with Bitcoin.

06:35:04 7 And I think the record needs to be
06:35:06 8 corrected as a result.

06:35:09 9 MR. SYLVESTER: You're correct, I
06:35:10 10 certainly didn't mean to do anything misleading. Do
06:35:13 11 you want to have the witness read the documents into
06:35:16 12 the record in order?

06:35:17 13 MR. FLUMENBAUM: Well, I'll do that. It
06:35:18 14 shouldn't -- the witness -- Larsen 2781, which says,
06:35:23 15 "And 18 billion in volume, incredible," comes after
06:35:30 16 2779 and 2780, which are emails between Sperling and
06:35:35 17 Larsen relating to Bitcoin.

06:35:39 18 MR. CERESNEY: Texts.

06:35:39 19 MR. FLUMENBAUM: I'm sorry? Texts.

06:35:52 20 MR. CERESNEY: Texts.

06:35:52 21 MR. FLUMENBAUM: What did I say?

06:35:52 22 MR. CERESNEY: Emails.

06:35:52 23 (Reporter clarification.)

06:35:52 24 MR. FLUMENBAUM: I use emails very
06:35:54 25 generically. I'm sorry. I apologize.

06:35:59 1 Texts. The texts -- and you can check in
06:36:01 2 your files. 2779 relates to Bitcoin and 2780
06:36:07 3 relates to Bitcoin. And the price of Bitcoin
06:36:13 4 apparently -- what it says is "Bitcoin tops 15,000,
06:36:17 5 maybe 20- by weekend. Insane, to be clear, when I
06:36:21 6 said 20- by weekend, I was kidding." These are
06:36:24 7 Sperling to Larsen. This is historic craziness and
06:36:31 8 18 billion in volume, incredible. You know. And
06:36:35 9 that was Larsen's response.

06:36:36 10 So those -- those relate to, you know,
06:36:38 11 that volume point that you were trying to make that
06:36:46 12 related to the XRP lockup just is inaccurate.

06:36:50 13 MR. SYLVESTER: Okay. So thank you for
06:36:51 14 reading those documents on to the record.

06:36:55 15 Q. Mr. Larsen, in light of Mr. Flumenbaum's
06:36:58 16 recitation of all those documents, you agree -- I
06:37:02 17 assume you want to change your testimony that the
06:37:04 18 18 billion volume reference was a reference to
06:37:07 19 Bitcoin. Is that correct?

06:37:08 20 A. That's correct.

06:37:09 21 Q. Okay.

06:37:10 22 MR. FLUMENBAUM: And I just want to make
06:37:11 23 one other thing clear for the record. We've marked
06:37:14 24 today a lot of documents that don't have the highly
06:37:20 25 confidential stamp that would have been there had

06:37:30 1 the document been printed with the proper Bates
06:37:35 2 numbers. So I want to make sure that every exhibit
06:37:39 3 that's been used today is viewed as highly
06:37:44 4 confidential, even though it doesn't have any legend
06:37:50 5 on that that reflects that.

06:37:53 6 MR. SYLVESTER: Yeah. I understood you
06:37:55 7 designated the entire transcript and all exhibits as
06:37:57 8 confidential.

06:37:57 9 MR. FLUMENBAUM: And all exhibits, but
06:37:58 10 because of the fact --

06:38:00 11 MR. SYLVESTER: Right. I get it. It's
06:38:01 12 stipulated.

06:38:02 13 MR. FLUMENBAUM: -- that it's not there --

06:38:04 14 MR. SYLVESTER: Okay.

06:38:04 15 MR. FLUMENBAUM: -- there's a risk of
06:38:05 16 mistake, and I want to just emphasize that so that
06:38:09 17 you make sure that that mistake doesn't occur.

06:38:13 18 MR. SYLVESTER: Okay. Understood. Okay.

06:38:14 19 Q. Mr. Larsen, Ripple made efforts to get XRP
06:38:18 20 listed on digital asset platforms; is that right?

06:38:24 21 A. There were relatively few of the total
06:38:26 22 number out there, yes.

06:38:30 23 Q. There were relatively few of the total out
06:38:32 24 there -- I'm sorry, I didn't understand your answer,
06:38:34 25 sir.

06:38:40 1 There were relatively few of the total
06:38:41 2 number that were trading XRP; is that what you mean?

06:38:45 3 MR. FLUMENBAUM: Objection as to form.

06:38:48 4 THE WITNESS: No. There's hundreds of
06:38:51 5 exchanges that trade XRP. We've given incentives to
06:38:58 6 a handful of them, and many -- many of that's
06:39:03 7 related to ODL.

06:39:06 8 BY MR. SYLVESTER:

06:39:06 9 Q. What kinds of incentives have you given to
06:39:09 10 digital asset platforms to list XRP?

06:39:13 11 A. I don't recall the exact form of those
06:39:15 12 incentives.

06:39:19 13 MR. SYLVESTER: Okay. Let's look at
06:39:20 14 Exhibit 50, please.

06:39:22 15 (Whereupon, Deposition Exhibit CL-50
06:39:24 16 was marked for identification.)

06:39:25 17 BY MR. SYLVESTER:

06:39:47 18 Q. Exhibit 50 is a thread of emails. The top
06:39:53 19 email is from Patrick Griffin dated December 21st,
06:39:57 20 2015. It's copying you, Mr. Larsen, and I'm hoping
06:40:01 21 you can help me with the recipient's name.

06:40:05 22 A. [REDACTED]

06:40:07 23 Q. [REDACTED]. Okay?

06:40:08 24 A. Yeah.

06:40:08 25 Q. Thank you.

06:40:09 1 A. Okay. I see that.

06:41:11 2 Q. Okay. Who is [REDACTED]?

06:41:15 3 A. He's the founder and CEO of Bitstamp.

06:41:20 4 Q. And it appears that Mr. Griffin is
06:41:22 5 offering Bitstamp a number of incentives to list XRP
06:41:26 6 as early as possible; is that correct?

06:41:28 7 A. I see that here, yes.

06:41:31 8 Q. Okay. Did Ripple ultimately provide the
06:41:35 9 incentives listed here to Bitstamp?

06:41:39 10 A. I don't recall if this was executed or
06:41:42 11 not.

06:41:43 12 Q. Did Ripple provide any incentives to
06:41:45 13 Bitstamp?

06:41:47 14 A. Not that I -- well, I don't recall, so ...

06:41:50 15 Q. Okay.

06:41:51 16 A. Yeah.

06:41:51 17 Q. Which exchanges -- sorry -- strike that.

06:41:53 18 Which digital asset platforms received
06:41:56 19 incentives from Ripple to list XRP?

06:42:00 20 A. I don't recall the names.

06:42:03 21 Q. Do you recall how many?

06:42:06 22 A. My understanding is a handful of exchanges
06:42:11 23 of the hundreds that trade XRP.

06:42:15 24 Q. Were these listing fees the types of
06:42:19 25 incentives that were offered to the exchanges to

06:42:21 1 which Ripple offered incentives to list XRP?

06:42:25 2 MR. FLUMENBAUM: Objection as to form.

06:42:26 3 THE WITNESS: Sorry, are you asking is
06:42:27 4 this a template based on this email or --

06:42:30 5 BY MR. SYLVESTER:

06:42:30 6 Q. No, not a template.

06:42:33 7 Was -- was the type of incentives that
06:42:36 8 were offered to the exchanges to which Ripple
06:42:39 9 offered incentives listing fees?

06:42:44 10 MR. FLUMENBAUM: Objection as to form.

06:42:47 11 THE WITNESS: I don't recall what -- the
06:42:49 12 predominant one. It likely varied.

06:42:53 13 MR. SYLVESTER: Let's look at 113, please.
06:42:56 14 (Whereupon, Deposition Exhibit CL-113
06:43:05 15 was marked for identification.)

06:43:05 16 BY MR. SYLVESTER:

06:43:14 17 Q. Exhibit 113 is an email thread, top email
06:43:20 18 from you to Mr. Garlinghouse and Mr. Griffin dated
06:43:25 19 August 21st, 2017.

06:45:11 20 A. Okay.

06:45:11 21 Q. Starting with the second page ending -972,
06:45:15 22 do you see your email to Mr. Garlinghouse subject,
06:45:18 23 "[REDACTED]/Coinbase"?

06:45:22 24 A. I'm sorry, the second page?

06:45:23 25 Q. Yes.

06:45:24 1 A. Yes.

06:45:24 2 Q. And you write:

06:45:25 3 "As a followup, [REDACTED]
06:45:27 4 suggested that you or I send her an
06:45:30 5 email: 1, discussing our desire to
06:45:31 6 be listed on Coinbase and how good
06:45:32 7 that would be for both companies."
06:45:34 8 Do you see that?

06:45:37 9 A. I do.

06:45:37 10 Q. Is that about listing XRP on Coinbase?

06:45:41 11 A. I assume so. I believe that's in relation
06:45:43 12 to ODL, given they're talking about "support our
06:45:52 13 payments business to route commercial payments
06:45:54 14 through XRP."

06:45:55 15 Q. Who is [REDACTED]?

06:45:57 16 A. [REDACTED] is a partner at [REDACTED]
06:46:00 17 [REDACTED], cohead of their cryptocurrency funds. I
06:46:06 18 believe was also a board member at Coinbase and was
06:46:12 19 also the person from the DOJ that was involved in
06:46:17 20 this -- the FinCEN settlement with Ripple.

06:46:22 21 Q. Okay. And it looks like Mr. Griffin --
06:46:24 22 now turning to the first page of the document.
06:46:26 23 Looks like Mr. Griffin drafted an email to be sent
06:46:30 24 by either you or Mr. Garlinghouse to Ms. [REDACTED] Is
06:46:34 25 that right?

06:46:36 1 A. That looks correct.

06:46:38 2 Q. Okay. Regarding, first line, how we can
06:46:42 3 chart a course to get XRP listed on Coinbase in
06:46:45 4 2017; is that right?

06:46:46 5 A. I see that.

06:46:47 6 Q. Okay. In the second paragraph of
06:46:49 7 Mr. Griffin's draft, the second sentence, he says:

06:46:52 8 "So far this year we've

06:46:54 9 provided integration support for

06:46:55 10 just about 20 exchanges around the

06:46:57 11 world, including the largest in the

06:46:58 12 world."

06:47:00 13 What kind of integration support -- sorry.

06:47:03 14 Do you see that, what I just read?

06:47:06 15 A. I do.

06:47:06 16 Q. Okay. What kind of integration support
06:47:08 17 services did Ripple provide for just about 20
06:47:10 18 exchanges?

06:47:12 19 A. I believe that refers to RippleNet, that
06:47:17 20 application, and ODL to ensure that there's enough
06:47:24 21 liquidity in those enterprise products.

06:47:28 22 Q. And what specifically did Ripple do for
06:47:30 23 the exchanges to get XRP listed?

06:47:36 24 A. Assuming there would be technical
06:47:38 25 integration.

06:47:40 1 Q. To assist with technical integration, is
06:47:44 2 that -- sorry -- strike that.

06:47:46 3 The next sentence says:

06:47:46 4 "We can make integrating to
06:47:48 5 XRP very streamlined and easy by
06:47:50 6 offering up our engineering and
06:47:52 7 integration teams to work with
06:47:54 8 Coinbase."

06:47:56 9 Do you see that?

06:47:56 10 A. I do.

06:47:56 11 Q. So is the integration support services
06:47:59 12 Ripple sending engineering and integration teams to
06:48:03 13 digital asset platforms who wish to list XRP?

06:48:07 14 MR. FLUMENBAUM: Objection as to form.

06:48:12 15 THE WITNESS: I don't know if they were
06:48:13 16 physically sent to wherever those platforms would
06:48:15 17 be.

06:48:17 18 BY MR. SYLVESTER:

06:48:17 19 Q. Whether or not the engineers physically
06:48:19 20 traveled, did Ripple typically provide integration
06:48:22 21 and engineering support whenever a digital asset
06:48:26 22 platform wanted to list XRP?

06:48:28 23 MR. FLUMENBAUM: Objection as to form.

06:48:29 24 THE WITNESS: Yeah. Again, as I
06:48:30 25 mentioned, I believe this is in context of RippleNet

06:48:35 1 and ODL for our enterprise payment applications.

06:48:41 2 BY MR. SYLVESTER:

06:48:41 3 Q. If a digital asset platform wanted to list
06:48:47 4 XRP -- strike that.

06:48:48 5 Did digital asset platforms that wanted to
06:48:51 6 list XRP ever ask Ripple for engineering assistance?

06:48:56 7 MR. FLUMENBAUM: Objection as to form.

06:48:58 8 THE WITNESS: You mean if they were going
06:49:02 9 to be involved with RippleNet or ODL?

06:49:06 10 BY MR. SYLVESTER:

06:49:06 11 Q. If they were going to list XRP for
06:49:08 12 trading?

06:49:09 13 MR. FLUMENBAUM: Objection as to form.

06:49:10 14 THE WITNESS: It was my understanding that
06:49:11 15 they would get involved if that was going to be
06:49:14 16 helpful for RippleNet or ODL. And, of course, those
06:49:19 17 platforms would have to be appropriately compliant
06:49:22 18 in whatever jurisdiction that they were operating
06:49:25 19 under.

06:49:25 20 BY MR. SYLVESTER:

06:49:25 21 Q. Okay. I guess what I'm driving at is just
06:49:28 22 whether there was any technical assistance needed
06:49:30 23 between sort of connecting the XRP Ledger with
06:49:33 24 whatever software the digital asset platform was
06:49:35 25 running.

06:49:37 1 MR. FLUMENBAUM: Objection as to form.

06:49:37 2 THE WITNESS: The XRP Ledger is
06:49:39 3 open-source permissionless so anybody can integrate
06:49:43 4 to it. And documentation to do that is readily
06:49:47 5 available to anyone, just like in Bitcoin or
06:49:50 6 Ethereum or any of the other decentralized ledgers.

06:49:54 7 BY MR. SYLVESTER:

06:49:54 8 Q. Understanding that anyone can, did Ripple
06:49:56 9 send engineers to help?

06:49:58 10 MR. FLUMENBAUM: Objection. Asked and
06:49:59 11 answered.

06:50:02 12 THE WITNESS: Yeah. Again, if it's going
06:50:03 13 to further the RippleNet or ODL applications that we
06:50:07 14 provide to enterprise customers, we would readily do
06:50:11 15 that if it was a compliant platform.

06:50:16 16 MR. SYLVESTER: Okay. Let's look at --
06:50:27 17 let's look at 156, please. Actually, hold that.
06:50:45 18 All right.

06:50:45 19 Q. Did you speak with anyone at Coinbase
06:50:50 20 about listing XRP on Coinbase?

06:50:54 21 MR. FLUMENBAUM: Objection as to form.

06:50:56 22 THE WITNESS: Not that I recall.

06:50:57 23 BY MR. SYLVESTER:

06:50:57 24 Q. Okay. Did anyone at Ripple speak with
06:50:59 25 anyone at Coinbase about listing XRP on Coinbase?

06:51:04 1 MR. FLUMENBAUM: Objection as to form.

06:51:07 2 THE WITNESS: It's my understanding that
06:51:09 3 the team did as that's an important -- could be an
06:51:14 4 important provider for RippleNet and ODL.

06:51:16 5 BY MR. SYLVESTER:

06:51:16 6 Q. Who on the Ripple team spoke with Coinbase
06:51:20 7 about listing XRP on Coinbase?

06:51:23 8 MR. FLUMENBAUM: Objection as to form.

06:51:23 9 THE WITNESS: I -- I don't recollect. I
06:51:30 10 assume somebody on the leadership group.

06:51:32 11 BY MR. SYLVESTER:

06:51:33 12 Q. Did anyone on the Ripple team discuss with
06:51:36 13 anyone at Coinbase the application of the securities
06:51:39 14 laws to offers and sales of XRP?

06:51:45 15 MR. FLUMENBAUM: Objection as to form.

06:51:45 16 THE WITNESS: Well, it's my understanding
06:51:47 17 that Coinbase talked to the SEC before they listed
06:51:50 18 XRP, and they got approval to do so.

06:51:53 19 BY MR. SYLVESTER:

06:51:53 20 Q. Right.

06:51:53 21 But my question was did anyone on the
06:51:55 22 Ripple team discuss with anyone at Coinbase the
06:51:58 23 application of the securities laws to offers and
06:51:59 24 sales of XRP?

06:52:02 25 MR. FLUMENBAUM: Objection as to form.

06:52:06 1 THE WITNESS: Not to my recollection.
06:52:08 2 However, Coinbase has a world-class compliance team.
06:52:12 3 And, again, it is my understanding that they talked
06:52:16 4 to the SEC and got approval to list XRP on their
06:52:20 5 exchange.

06:52:20 6 BY MR. SYLVESTER:

06:52:20 7 Q. What's the basis of that understanding?

06:52:22 8 A. Well, I understand that they talked to the
06:52:24 9 SEC, so why would they have listed if they weren't
06:52:26 10 approved?

06:52:27 11 Q. No. No. I'm asking what's the basis for
06:52:29 12 your understanding that Coinbase talked to the SEC?

06:52:32 13 MR. CERESNEY: Mr. Larsen, if you could
06:52:34 14 not reveal anything you've learned from counsel.
06:52:38 15 But if there's another source, you can obviously
06:52:41 16 answer it.

06:52:42 17 THE WITNESS: It's my understanding that
06:52:44 18 they have an ongoing dialogue every time they do
06:52:47 19 list. But I believe that that was public
06:52:49 20 information.

06:52:51 21 BY MR. SYLVESTER:

06:52:51 22 Q. What's the basis of your understanding
06:52:53 23 that Coinbase talked to the SEC and got approval to
06:52:55 24 list XRP?

06:52:57 25 A. Can I ask a clarifying question?

06:52:59 1 Q. Sure.

06:53:00 2 A. Did Coinbase talk to the SEC?

06:53:02 3 Q. No. You can't ask that clarifying
06:53:04 4 question. I'm not here --

06:53:05 5 A. I'm not trying to be tricky there, I
06:53:07 6 just -- it seems like a relevant answer.

06:53:10 7 MR. FLUMENBAUM: What's your question?

06:53:11 8 BY MR. SYLVESTER:

06:53:11 9 Q. What's the basis of your understanding
06:53:13 10 that Coinbase talked to the SEC and the SEC approved
06:53:18 11 Coinbase's listing of XRP?

06:53:20 12 MR. FLUMENBAUM: I believe he's answered
06:53:21 13 that. I believe he testified just two questions ago
06:53:25 14 that he believes they talked to them and then they
06:53:28 15 listed and his assumption was that the SEC approved.

06:53:33 16 MR. SYLVESTER: Well, no, he didn't say
06:53:35 17 any of that. I don't know why you're testifying.

06:53:37 18 MR. FLUMENBAUM: I thought he did say
06:53:38 19 that.

06:53:39 20 MR. SYLVESTER: He didn't.

06:53:39 21 THE WITNESS: It's my understanding that
06:53:41 22 they talked to the SEC and they got approval. And I
06:53:45 23 just can't imagine in my wildest dreams that they
06:53:48 24 wouldn't have done that. That's a very compliant
06:53:51 25 organization, which had been planning to go public

06:53:55 1 and would have to have worked with the SEC. And, in
06:53:58 2 fact, did go public. I can't imagine that what we
06:54:03 3 have been led to understand is not correct.

06:54:05 4 BY MR. SYLVESTER:

06:54:05 5 Q. When you say "what we have been led to
06:54:07 6 understand," by whom?

06:54:09 7 MR. FLUMENBAUM: If you've -- if you have
06:54:11 8 more information based on communications with
06:54:14 9 counsel, I'm instructing you not to answer that
06:54:16 10 question.

06:54:17 11 THE WITNESS: Okay. So I can't delineate
06:54:19 12 between what I've heard not with counsel and what
06:54:21 13 I've heard with counsel.

06:54:22 14 BY MR. SYLVESTER:

06:54:22 15 Q. Did anyone other than your counsel tell
06:54:24 16 you that Coinbase met with the SEC and the SEC
06:54:28 17 approved the listing of XRP on Coinbase?

06:54:30 18 MR. FLUMENBAUM: Objection. He can't
06:54:33 19 answer that the way it's worded.

06:54:35 20 THE WITNESS: I can't --

06:54:36 21 MR. FLUMENBAUM: He can't answer that
06:54:37 22 question the way it's worded. Please rephrase that.

06:54:41 23 BY MR. SYLVESTER:

06:54:41 24 Q. Other than conversations with counsel, did
06:54:44 25 anyone tell you that Coinbase met with the SEC and

06:54:47 1 the SEC approved the listing of XRP?

06:54:49 2 MR. FLUMENBAUM: Well, objection as to
06:54:50 3 form. He's already testified that he understood
06:54:55 4 that Coinbase met with them and that it was -- and
06:55:00 5 that they listed. I believe he's answered this
06:55:03 6 question twice.

06:55:05 7 MR. SYLVESTER: He hasn't. That's why he
06:55:07 8 keep asking it.

06:55:09 9 Q. You can answer.

06:55:12 10 A. My understanding that that occurred is
06:55:14 11 without doubt.

06:55:18 12 Q. Okay. What's the basis of your lack of
06:55:20 13 doubt?

06:55:20 14 A. I think I, again, cannot delineate between
06:55:22 15 what I've heard not with counsel and what I've heard
06:55:26 16 with counsel.

06:55:27 17 Q. Okay.

06:55:27 18 A. But --

06:55:27 19 Q. Go ahead.

06:55:37 20 A. -- there must be public record of that.

06:55:41 21 Q. Have you told anybody at Ripple that the
06:55:44 22 SEC approved Coinbase's listing of XRP?

06:55:50 23 MR. FLUMENBAUM: Objection as to form.

06:55:50 24 THE WITNESS: Not to my recollection, no.

25 / /

06:55:51 1 BY MR. SYLVESTER:

06:55:51 2 Q. Have you told anybody outside Ripple that
06:55:54 3 Coinbase approved the -- that the SEC approved the
06:55:56 4 listing of XRP on Coinbase?

06:55:58 5 A. Not to my recollection, no.

06:56:17 6 Q. Mr. Larsen, are you familiar with Coil?

06:56:19 7 A. Yes.

06:56:19 8 Q. What is Coil?

06:56:21 9 A. Coil is a web monetization technology
06:56:25 10 company.

06:56:27 11 Q. It was founded by [REDACTED]?

06:56:30 12 A. He is, I believe, a cofounder.

06:56:33 13 Q. Does he have any connection to Ripple?

06:56:36 14 MR. FLUMENBAUM: Objection as to form.

06:56:38 15 THE WITNESS: He is a former CTO of Ripple
06:56:42 16 but no longer has a connection to the company.

06:56:44 17 BY MR. SYLVESTER:

06:56:44 18 Q. Okay. Does Coil publish a DUNL [sic] for
06:56:48 19 the XRP Ledger?

06:56:50 20 MR. FLUMENBAUM: Objection as to form.

06:56:50 21 THE WITNESS: I'm sorry?

06:56:51 22 BY MR. SYLVESTER:

06:56:51 23 Q. Does Coil publish a DUNL for the XRP
06:56:54 24 Ledger?

06:56:55 25 A. A DUNL?

06:56:57 1 Q. Yeah.

06:56:58 2 A. I'm not sure what that is.

06:56:59 3 Q. Does it publish a list of trusted notes
06:57:02 4 for the XRP Ledger?

06:57:05 5 MR. FLUMENBAUM: Objection as to form.

06:57:06 6 THE WITNESS: A UNL?

06:57:07 7 BY MR. SYLVESTER:

06:57:07 8 Q. UNL. Sorry.

06:57:10 9 A. I believe it does.

06:57:11 10 Q. Okay. When did Coil start publishing this
06:57:14 11 list?

06:57:15 12 A. I don't recall.

06:57:18 13 Q. Was it within the past couple of years?

06:57:25 14 A. I don't recall.

06:57:27 15 Q. Okay. Was it after the time that you
06:57:29 16 stepped down as Ripple's CEO?

06:57:33 17 MR. FLUMENBAUM: Objection as to form.

06:57:33 18 THE WITNESS: I believe that's correct.

06:57:36 19 BY MR. SYLVESTER:

06:57:36 20 Q. Okay. Do you have any role with respect
06:57:37 21 to Coil?

06:57:39 22 A. Yes. I serve on their board.

06:57:40 23 Q. Are you an investor in Coil?

06:57:43 24 A. You mean personally or with the company?

06:57:45 25 Q. Let's start with personally.

06:57:47 1 A. No.

06:57:47 2 Q. Is Ripple an investor in Coil?

06:57:50 3 A. Ripple has a minority stake in Coil.

06:57:55 4 Q. Have you ever made any payments whatsoever
06:57:57 5 to Coil?

06:57:59 6 MR. FLUMENBAUM: Objection.

06:57:59 7 THE WITNESS: Not that I can recollect.

06:58:01 8 BY MR. SYLVESTER:

06:58:01 9 Q. Okay. Does Ripple have any joint
06:58:05 10 partnerships with Coil?

06:58:06 11 A. Do you mean does Ripple have an agreement
06:58:08 12 with Coil?

06:58:12 13 Q. Do Ripple and Coil have any joint business
06:58:14 14 ventures?

06:58:18 15 A. I don't believe we have any joint ventures
06:58:20 16 together.

06:58:20 17 Q. Has Ripple ever had a joint venture with
06:58:24 18 coil?

06:58:26 19 MR. FLUMENBAUM: Objection as to form.

06:58:27 20 THE WITNESS: When you say "joint
06:58:28 21 venture," are you talking about a separate entity?

06:58:30 22 BY MR. SYLVESTER:

06:58:30 23 Q. Let's start there, sure.

06:58:33 24 MR. FLUMENBAUM: Objection as to form.

06:58:34 25 THE WITNESS: Not that I know of.

06:58:35 1 BY MR. SYLVESTER:

06:58:35 2 Q. Has -- have Ripple and Coil worked
06:58:39 3 together on business projects?

06:58:41 4 MR. FLUMENBAUM: Objection as to form.

06:58:45 5 THE WITNESS: When you say "work
06:58:45 6 together," you mean -- what do you mean by that?

06:58:51 7 BY MR. SYLVESTER:

06:58:51 8 Q. Have Ripple and Coil -- are there any
06:58:58 9 outstanding contractual agreements between Ripple
06:59:00 10 and Coil?

06:59:01 11 MR. FLUMENBAUM: Objection as to form.

06:59:02 12 THE WITNESS: Yes.

06:59:02 13 BY MR. SYLVESTER:

06:59:02 14 Q. What's the nature of those agreements?

06:59:05 15 A. Ripple incented Coil with XRP to pursue
06:59:12 16 web monetization in a program called [REDACTED]

06:59:15 17 [REDACTED]

06:59:17 18 Q. When you say "Ripple incented Coil with
06:59:19 19 XRP," does that mean that Ripple gave Coil XRP?

06:59:25 20 A. It provided XRP for appropriate projects
06:59:29 21 that might utilize web monetization.

06:59:34 22 Q. Okay. How much XRP did Ripple give Coil?

06:59:39 23 A. I don't recall the exact amount.

06:59:41 24 Q. When did Ripple give XRP to Coil?

06:59:45 25 A. I believe that was after -- shortly after

06:59:47 1 its founding.

06:59:54 2 MR. FLUMENBAUM: You have about three
06:59:55 3 minutes left, Mr. Sylvester.

07:00:03 4 BY MR. SYLVESTER:

07:00:03 5 Q. Have you ever suggested to anyone at Coil
07:00:05 6 that they take over a greater number of validating
07:00:11 7 servers for the XRP Ledger?

07:00:13 8 MR. FLUMENBAUM: Objection as to form.

07:00:17 9 THE WITNESS: Can you restate that
07:00:18 10 question, please.

07:00:19 11 BY MR. SYLVESTER:

07:00:19 12 Q. Sure. Have you ever talked to anyone at
07:00:21 13 Coil about running a greater number of validating
07:00:25 14 servers for the XRP Ledger?

07:00:27 15 MR. FLUMENBAUM: Objection as to form.

07:00:30 16 THE WITNESS: When you say "validating
07:00:32 17 servers," are you talking about validators that
07:00:38 18 might be on a UNL list?

07:00:41 19 BY MR. SYLVESTER:

07:00:41 20 Q. That's right.

07:00:41 21 A. It's important to note that UNLs don't do
07:00:44 22 the validating. Each validator validates the state
07:00:49 23 of the ledger independently. And more importantly,
07:00:51 24 it's not just the public ledgers' validators that
07:00:55 25 might end up on a UNL list, but that also includes

07:00:59 1 an even greater number of private validators. For
07:01:02 2 example, Coinbase would be a private validator.

07:01:09 3 Q. I see. Okay. Have you ever had any
07:01:12 4 discussions with Coil about operating any of the
07:01:14 5 validators on the XRP Ledger?

07:01:16 6 MR. FLUMENBAUM: Objection as to form.

07:01:19 7 THE WITNESS: Well, I believe Coil has a
07:01:21 8 validator themselves.

07:01:28 9 BY MR. SYLVESTER:

07:01:28 10 Q. Okay. After Coinbase listed XRP, did the
07:01:31 11 investigation of -- by the SEC of Ripple close?

07:01:36 12 MR. FLUMENBAUM: Objection as to form.

07:01:42 13 THE WITNESS: Can you ask that question
07:01:43 14 again, please.

07:01:44 15 BY MR. SYLVESTER:

07:01:44 16 Q. Sure. After Coinbase listed XRP, did the
07:01:46 17 SEC's investigation of Ripple close?

07:01:49 18 MR. FLUMENBAUM: Objection as to form.

07:01:50 19 THE WITNESS: Can you remind me again when
07:01:52 20 did Coil list XRP?

07:01:55 21 MR. CERESNEY: Coinbase.

07:01:55 22 MR. SYLVESTER: Coinbase.

07:01:56 23 THE WITNESS: Sorry, what did I say?

07:01:58 24 MR. CERESNEY: Coil.

07:01:58 25 THE WITNESS: Sorry, apologies.

07:01:58 1 BY MR. SYLVESTER:

07:01:59 2 Q. 2019.

07:02:00 3 A. 2019, what month was that, please?

07:02:02 4 MR. MOYE: February.

07:02:04 5 BY MR. SYLVESTER:

07:02:05 6 Q. February 2019.

07:02:06 7 MR. FLUMENBAUM: Objection as to form.

07:02:10 8 THE WITNESS: Again, if I could ask the
07:02:11 9 question, who did Coinbase approach at the SEC?

07:02:17 10 BY MR. SYLVESTER:

07:02:17 11 Q. Again, I can't answer your questions,
07:02:18 12 Mr. Larsen. This is our deposition of you.

07:02:20 13 A. No. I understand, but it's important for
07:02:22 14 how I would answer the question.

07:02:25 15 Q. I don't understand that.

07:02:28 16 A. Well, the SEC, there's many different
07:02:31 17 divisions, and our experience was it didn't seem
07:02:33 18 like one division knew what the other division was
07:02:36 19 doing, so isn't it impossible that they actually did
07:02:39 20 contact one of your divisions?

07:02:41 21 Q. That had nothing to do with the question I
07:02:43 22 asked.

07:02:43 23 A. Well, yes. It did. You were asking me
07:02:45 24 whether or not you dropped the -- well, can you ask
07:02:47 25 the question again, please.

07:02:49 1 Q. Sure.

07:02:49 2 After Coinbase listed XRP in February of
07:02:53 3 2019, did the SEC close its investigation of Ripple?

07:03:00 4 MR. FLUMENBAUM: Objection as to form.

07:03:00 5 THE WITNESS: Well, the answer to that
07:03:01 6 would be no. But I think important to note, and it
07:03:06 7 would be possible, that Coinbase approached one of
07:03:09 8 the divisions of the SEC and the other division
07:03:14 9 didn't know or didn't agree with that. Because in
07:03:16 10 our experience in the settlement talks, there seemed
07:03:20 11 to be a great deal of disagreement between the
07:03:22 12 divisions of what to do and a great number of 180s
07:03:25 13 that happened during those settlement talks.

07:03:27 14 MR. FLUMENBAUM: All right. Are we done,
07:03:31 15 Mr. Sylvester?

07:03:34 16 THE VIDEOGRAPHER: You have 30 seconds.

07:03:35 17 MR. FLUMENBAUM: Are we done, sir?

07:03:37 18 MR. SYLVESTER: I think we're done.

07:03:38 19 MR. FLUMENBAUM: All right. Thank you
07:03:39 20 very much.

07:03:39 21 THE WITNESS: Thank you. Thank you for
07:03:39 22 coming out.

07:03:40 23 MR. SYLVESTER: Thank you for your time,
07:03:40 24 Mr. Larsen.

07:03:40 25 THE WITNESS: Absolutely. I appreciate

07:03:40 1 it.

07:03:41 2 THE VIDEOGRAPHER: Okay. This concludes
07:03:43 3 today's deposition on September 14th, 2021. We
07:03:45 4 are off the record at 7:03 p.m. Master media will
07:03:50 5 be retained by Gradillas Court Reporting.

07:03:52 6 (Deposition concluded at 7:03 p.m.)

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1 CERTIFICATE OF WITNESS

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4 I, CHRISTIAN A. LARSEN, do hereby declare under

5 penalty of perjury that I have read the entire

6 foregoing transcript of my deposition testimony,

7 or the same has been read to me, and certify that

8 it is a true, correct and complete transcript of

9 my testimony given on September 14, 2021, save and

10 except for changes and/or corrections, if any, as

11 indicated by me on the attached Errata Sheet, with

12 the understanding that I offer these changes and/or

13 corrections as if still under oath.

14 _____ I have made corrections to my deposition.

15 _____ I have NOT made any changes to my deposition.

16

17 Signed: _____

18 CHRISTIAN A. LARSEN

19 Dated this _____ day of _____ of 20____.

20

21 Sworn to and Subscribed before me,

22 this _____ day of _____ of 20____.

23

24 _____ Notary Public My Commission expires: _____

CERTIFICATE OF REPORTER

I, Kathleen A. Wilkins, Certified
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deponent was by me first duly sworn, and the
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complete, and true record of proceedings.

I further certify that I am not of counsel
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Kathleen A. Wilkins

KATHLEEN A. WILKINS

CSR 10068, RPR-RMR-CRR-CCRR-CLR-CRC

ERRATA SHEET

Deposition of: CHRISTIAN A. LARSEN

Date taken: SEPTEMBER 14, 2021

Case: SEC v. RIPPLE LABS, INC., et al.

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